

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 3, 2020

In the opinion of Foley & Lardner LLP, Bond Counsel, under existing law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all individuals. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from current Wisconsin income or franchise taxes.

The Village will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense allocable to carrying and acquiring tax-exempt obligations.

New Issue

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

VILLAGE OF FONTANA-ON-GENEVA LAKE, WISCONSIN (Walworth County)

\$10,265,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A

BID OPENING: January 9, 2020, 10:00 A.M., C.T.

CONSIDERATION: January 9, 2020, 5:15 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$10,265,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") of the Village of Fontana-on-Geneva Lake, Wisconsin (the "Village") are being issued pursuant to Chapter 67 of the Wisconsin Statutes, to finance sewerage improvements, including, but not limited to, storm sewer and sanitary sewer improvements; street improvements; and water system improvements, including, but not limited to, the replacement of water mains and construction, extensions, and improvements to the water system. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Foley & Lardner LLP, Milwaukee, Wisconsin.

DATE OF BONDS:

January 30, 2020

MATURITY:

April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$290,000	2028	\$510,000	2035	\$605,000
2022	460,000	2029	525,000	2036	625,000
2023	470,000	2030	535,000	2037	645,000
2024	475,000	2031	555,000	2038	660,000
2025	490,000	2032	565,000	2039	680,000
2026	495,000	2033	580,000		
2027	505,000	2034	595,000		

MATURITY

ADJUSTMENTS:

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

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

April 1, 2021 and semiannually thereafter.

OPTIONAL

Bonds maturing on April 1, 2030 and thereafter are subject to optional redemption prior to maturity on April 1, 2029 and on any date thereafter, at a price of par plus accrued interest.

REDEMPTION:

MINIMUM BID:

\$10,136,688.

MAXIMUM BID:

\$10,880,900.

GOOD FAITH

DEPOSIT:

A good faith deposit in the amount of \$205,300 shall be made by the winning bidder by wire transfer of funds.

FISCAL AGENT:

Bond Trust Services Corporation.

BOND COUNSEL:

Foley & Lardner LLP.

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" in Appendix C.

DISCLAIMERS

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

This Preliminary Official Statement is not to be construed as a contract with the syndicate manager or syndicate members of the winning bidder. 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 & Associates, Inc. ("Ehlers") prepared this Preliminary Official Statement and any addenda hereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained herein. Compensation of Ehlers, payable entirely by the Village, is contingent upon the sale of the Bonds.

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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VILLAGE OF FONTANA-ON-GENEVA LAKE VILLAGE BOARD

		<u>Term Expires</u>
Patrick Kenny	President	April 2021
Stanton Livingston	Trustee	April 2020
Thomas McGreevy	Trustee	April 2021
John O'Neill	Trustee	April 2021
Rick Pappas	Trustee	April 2020
Arvid "Pete" Petersen	Trustee	April 2021
David Prudden	Trustee	April 2020

ADMINISTRATION

Theresa Loomer, Administrator/Clerk

Scott Vilona, Treasurer

PROFESSIONAL SERVICES

Thorpe & Christian, S.C., Village Attorney, Delavan, Wisconsin

Foley & Lardner LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Fontana-on-Geneva Lake, Wisconsin (the "Village") and the issuance of its \$10,265,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Village Board of Trustees on January 9, 2020.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any multiple thereof, and will be dated as of January 30, 2020, the date of their original issuance. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

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

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

OPTIONAL REDEMPTION

The Bonds maturing on and after April 1, 2030 shall be subject to optional redemption prior to maturity on April 1, 2029 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part. If redemption is in part, then the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Fiscal Agent will notify DTC of the particular amount of such maturity to be redeemed.

* Preliminary, subject to change.

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 redemption shall be sent by first class mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Bonds which have been called for redemption.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, to finance sewerage improvements, including, but not limited to, storm sewer and sanitary sewer improvements; street improvements; and water system improvements, including, but not limited to, the replacement of water mains and construction, extensions, and improvements to the water system.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$10,265,000	
Est. Int Earnings	<u>5,050</u>	
Total Sources		\$10,270,050
Uses		
Underwriter's Discount	\$128,313	
Costs of Issuance	81,050	
Deposit to Borrowed Money Fund	10,058,350	
Rounding Amount	<u>2,338</u>	
Total Uses		\$10,270,050

SECURITY

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

RATING

General obligation debt of the Village, with the exception of any outstanding credit-enhanced issues, is currently rated "Aa3" by Moody's Investors Service ("Moody's").

* Preliminary, subject to change.

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

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

CONTINUING DISCLOSURE

To assist the underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the Village will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the owners (including beneficial owners) of the Bonds to be executed and delivered by the Village on the date the Bonds are delivered. The Disclosure Agreement obligates the Village to provide certain annual financial information and operating data relating to the Village annually to the Municipal Securities Rulemaking Board (the "MSRB") and to provide to the MSRB notice of the occurrence of certain events with respect to the Bonds which are listed in the Rule. The Rule was amended effective February 27, 2019 to include two additional listed events. Information provided to the MSRB is required to be submitted through its Electronic Municipal Market Access ("EMMA") system or through any system that may be prescribed by the MSRB in the future.

The Disclosure Agreement provides that the annual financial information will be filed not later than the last day of the ninth month after the end of each fiscal year. The Village's fiscal year ends December 31. The type of information comprising the annual financial information and the specific listed events are set forth in the form of the Disclosure Agreement attached hereto as Appendix D. A failure by the Village to comply with the Disclosure Agreement will not constitute an event of default on the Bonds (although owners of the Bonds will have the right to compel performance of the obligations under the Disclosure Agreement). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the liquidity of the Bonds and their market price.

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

LEGAL OPINION

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

TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Village must comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The Village has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds are issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts, and it is not a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the Bonds. Other federal tax law provisions may adversely affect the value of an investment in the Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

Current and future legislative proposals, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any current or future federal legislative proposals.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, parties other than the Village, including owners of the Bonds, would have little or no right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the Village may disagree may not be practicable. Any action of the IRS, including selection of the Bonds for examination, the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the marketability of the Bonds and may cause the Village to incur significant expense.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

Original Issue Discount

Bond Counsel has advised the Village that the Bonds may be treated as sold with original issue discount for federal income tax purposes. Under existing law, any original issue discount on the Bonds is excluded from gross income for federal income tax purposes to the same extent as interest payable on such Bonds. In general, the original issue discount is the excess of the "stated redemption price at maturity" of a Bond over the issue price of that Bond. The issue price of a maturity of the Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of the Bonds were first sold. In general, the stated redemption price at maturity of a Bond is the sum of all payments

provided by the Bond other than “qualified stated interest” payments. In general, qualified stated interest is stated interest that is unconditionally payable in cash or in property (other than in debt instruments of the issuer) at least annually. The first interest payment date will be more than a year after the date of issuance of the Bonds.

Original issue discount on tax-exempt obligations accrues on a constant-yield-to-maturity method based on regular compounding. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner’s tax basis in the obligations. The adjusted tax basis will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the obligations.

Owners of Bonds with original issue discount should consult their own tax advisors with respect to the federal tax consequences of owning such Bonds, including the computation of accrued original issue discount and the accrual of original issue discount allocable to owners that do not purchase their Bonds in the initial offering at the issue price.

Owners of Bonds with original issue discount should also consult their own tax advisors with respect to the state and local tax consequences of owning Bonds. Under the applicable provisions governing the determination of state and local taxes, ownership of Bonds with original issue discount may result in a tax liability in the year of accrual, even though there will not be a corresponding cash payment until a later year.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will NOT designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation (“BTSC”) and Ehlers Investment Partners, LLC (“EIP”) are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides authentication agent, paying agent and registrar 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 Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2018, have been audited by Sitzberger & Company, S.C., Lake Geneva, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Bonds are general obligations of the Village, the ultimate payment of which rests in the Village'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 Village in time to pay debt service when due.

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

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the Village and to the Bonds. The Village 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 Village or the taxing authority of the Village.

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

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

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

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of

redemption or other notices to holders of the Bonds will be delivered by the Fiscal Agent to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

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

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, 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 Village may have an adverse effect on the value of the Bonds in the secondary market.

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

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

Cybersecurity: The Village 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 Village will not experience an information technology breach or attack with financial consequences that could have a material adverse impact on the Bonds.

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

2019 Equalized Value	\$1,264,289,500
2019 Equalized Value Reduced by Tax Increment Valuation	\$1,187,297,800
2019 Assessed Value	\$1,196,489,700

2019 EQUALIZED VALUE BY CLASSIFICATION

	2019 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 1,218,376,200	96.368%
Commercial	42,777,700	3.384%
Agricultural	15,400	0.001%
Undeveloped	27,600	0.002%
Personal Property	3,092,600	0.245%
Total	<u>\$ 1,264,289,500</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2015	\$1,135,725,800	\$1,134,293,800	-2.48%
2016	1,145,882,500	1,158,949,500	2.17%
2017	1,157,907,200	1,135,674,100	-2.01%
2018	1,169,094,100	1,176,212,800	3.57%
2019	1,196,489,700	1,264,289,500	7.49%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value¹	Percent of Village's Total Equalized Value
Individual	Residential	\$ 8,057,815	0.64%
Individual	Residential	7,034,117	0.56%
Individual	Residential	6,954,339	0.55%
Belvidere Park Association	Residential/Association	6,190,475	0.49%
Individual	Residential	5,602,124	0.44%
Harvard Geneva Lake Club	Residential/Association	5,523,191	0.44%
Individual	Residential	5,482,192	0.43%
Individual	Residential	5,137,614	0.41%
Fontana Holdings LLC	Residential/Commercial	5,133,598	0.41%
Individual	Residential	4,945,829	0.39%
Total		\$ 60,061,294	4.75%

Village's Total 2019 Equalized Value² \$1,264,289,500

Source: The Village.

¹ Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Bonds)*

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u><u>\$ 39,778,441</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$ 1,197,119</u></u>
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* Preliminary, subject to change.

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

Village of Fontana-on-Geneva Lake, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 01/30/2020)

Dated Amount	Maturity	GO Notes Bank Note		GO Corp Purp Bonds Series 2012A		GO Bonds Series 2012B		GO Bonds Series 2014A		GO Bonds Series 2015A	
		04/09/2010 \$525,000	04/09	02/09/2012 \$4,100,000	02/01	03/15/2012 \$1,840,000	03/01	03/20/2014 \$4,430,000	03/01	04/23/2015 \$7,805,000	06/01
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020		52,500	1,000	250,000	76,090	110,000	25,360	225,000	117,294	720,000	117,413
2021				250,000	71,653	110,000	23,160	200,000	113,044	765,000	102,563
2022				240,000	66,940	105,000	21,010	150,000	109,169	795,000	86,963
2023				225,000	62,065	110,000	18,750	200,000	104,544	830,000	70,713
2024				225,000	56,890	110,000	16,330	195,000	99,234	815,000	54,263
2025				225,000	51,265	110,000	13,800	200,000	93,925	845,000	37,663
2026				225,000	45,190	115,000	11,100	150,000	88,925	850,000	20,713
2027				225,000	38,665	115,000	8,168	320,000	81,475	265,000	9,231
2028				225,000	31,690	120,000	4,995	330,000	70,500	250,000	3,125
2029				225,000	24,378	125,000	1,688	335,000	58,863		
2030				225,000	16,840			320,000	47,000		
2031				220,000	9,220			275,000	35,500		
2032				155,000	2,713			250,000	25,000		
2033								250,000	15,000		
2034									5,000		
2035											
2036											
2037											
2038											
2039											
		52,500	1,000	2,915,000	553,598	1,130,000	144,360	3,650,000	1,064,472	6,135,000	502,644

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Village of Fontana-on-Geneva Lake, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 01/30/2020)

Dated	SIB Loan	GO Bonds Series 2016A		GO Bonds Series 2017A		G. O. Bonds Series 2019A		GO Corp Purp Bonds Series 2020A		Calendar Year Ending
		Principal	Interest	Principal	Interest	Principal	Interest	Principal*	Estimated Interest*	
Amount	10/01/2015	\$1,500,000		03/02/2016	\$2,750,000	03/02/2017	\$4,355,000	01/24/2019	01/30/2020	
Maturity	01/25 & 04/25 & 07/25 & 10/25		02/01		02/01		03/01		04/01	
2020	50,264	18,214	65,225	180,000	121,363	425,000	368,855	2,077,764	910,813	2020
2021	68,199	23,104	63,125	180,000	115,963	540,000	213,263	2,548,199	1,122,047	2021
2022	69,573	21,730	60,225	180,000	110,563	635,000	195,638	2,779,573	901,726	2022
2023	70,975	20,328	57,325	190,000	105,013	605,000	177,038	2,845,975	836,800	2023
2024	72,405	18,898	54,375	195,000	99,238	675,000	157,838	2,912,405	769,396	2024
2025	73,864	17,439	51,375	200,000	93,313	700,000	137,213	2,993,864	699,274	2025
2026	75,353	15,950	48,375	200,000	87,313	755,000	115,388	3,015,353	626,755	2026
2027	76,871	14,432	45,000	215,000	81,088	720,000	93,263	2,591,871	555,120	2027
2028	78,420	12,883	41,188	220,000	74,563	785,000	70,688	2,673,420	482,771	2028
2029	80,000	11,303	37,125	220,000	67,963	770,000	61,752	2,450,000	410,432	2029
2030	81,612	9,691	32,813	235,000	61,138	100,000	149,559	1,671,612	351,353	2030
2031	83,257	8,046	28,219	240,000	54,013	110,000	31,163	1,658,257	302,773	2031
2032	84,935	6,369	23,406	250,000	46,663	110,000	27,863	1,589,935	255,129	2032
2033	86,646	4,657	18,375	255,000	39,088	115,000	24,344	1,461,646	210,638	2033
2034	88,392	2,911	13,125	265,000	30,956	125,000	20,444	1,498,392	166,920	2034
2035	90,173	1,130	7,875	270,000	22,263	125,000	16,381	1,265,173	126,681	2035
2036			2,625	285,000	13,244	130,000	62,886	1,215,000	90,830	2036
2037				265,000	4,306	140,000	45,898	1,050,000	57,554	2037
2038						140,000	7,350	800,000	30,565	2038
2039						140,000	2,450	680,000	9,520	2039
	1,230,341	207,084	649,775	4,045,000	1,228,044	7,705,000	1,752,924	39,778,441	8,917,097	
								10,265,000	2,813,197	

* Preliminary, subject to change.

Village of Fontana-on-Geneva Lake, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 01/30/2020)

Sewer Rev Bonds
CWFL

Dated Amount	11/25/2009 \$1,777,890								
Maturity	05/01								
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2020	106,032	30,525	106,032	30,525	136,557	1,091,086	8.86%	2020	
2021	108,861	27,658	108,861	27,658	136,519	982,225	17.95%	2021	
2022	111,766	24,715	111,766	24,715	136,480	870,460	27.29%	2022	
2023	114,748	21,693	114,748	21,693	136,441	755,712	36.87%	2023	
2024	117,809	18,591	117,809	18,591	136,400	637,903	46.71%	2024	
2025	120,952	15,406	120,952	15,406	136,358	516,951	56.82%	2025	
2026	124,179	12,136	124,179	12,136	136,315	392,772	67.19%	2026	
2027	127,492	8,778	127,492	8,778	136,271	265,280	77.84%	2027	
2028	130,894	5,332	130,894	5,332	136,225	134,386	88.77%	2028	
2029	134,386	1,793	134,386	1,793	136,179	0	100.00%	2029	
	1,197,119	166,626	1,197,119	166,626	1,363,744				

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	\$ 1,264,289,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 63,214,475
Less: General Obligation Debt (includes the Bonds)*	<u>(39,778,441)</u>
Unused Debt Limit*	<u><u>\$ 23,436,034</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2019 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Gateway Technical College District	\$48,444,885,444	2.6097%	\$73,690,000	1,923,088
Fontana J8 School	1,366,082,775	85.9904%	2,825,000	2,429,229
Linn J6 School	847,393,170	7.6822%	2,508,682	192,722
Big Foot Union High School	2,749,045,359	45.9901%	10,466,572	<u>4,813,587</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 9,358,626</u></u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,264,289,500	Debt/ Per Capita 1,700¹
Total General Obligation Debt (includes the Bonds)*	\$ 39,778,441	3.15%	\$23,399.08
Village's Share of Total Overlapping Debt	<u>9,358,626</u>	<u>0.74%</u>	<u>5,505.07</u>
Total*	\$ 49,137,067	3.89%	\$28,904.16

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

¹ Estimated 2019 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2014/15	\$3,310,164	100%	\$2.98
2015/16	3,502,538	100%	3.19
2016/17	3,594,365	100%	3.23
2017/18	3,838,669	100%	3.54
2018/19	3,846,877	100%	3.44

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

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

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2014/15	\$6.81	\$4.60	\$2.98	\$0.18	\$14.57
2015/16	6.98	4.59	3.19	0.18	14.94
2016/17	6.90	4.49	3.23	0.18	14.80
2017/18	6.78	4.23	3.54	0.00	14.55
2018/19	6.80	3.91	3.44	0.00	14.15

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, as amended most recently by 2017 Wisconsin Act 59, establishes a levy increase limit on the property tax levy imposed by a city, village, town, or county (a "**political subdivision**").

Subject to certain adjustments and exceptions, no political subdivision may increase its levy in any year, from the actual levy for the prior year, by a percentage that exceeds its valuation factor. The term "**valuation factor**" means a percentage equal to the greater of either (i) zero percent or (ii) the percentage change in the political subdivision's January 1st equalized value due to new construction, less improvements removed, between the previous year and the current year. However, the levy increase limit may be increased in either (but not both) of the following ways, by action of the governing body:

1. If a political subdivision's allowable levy in the prior year was greater than its actual levy, the levy increase limit otherwise applicable may be increased by the difference between the two amounts, up to a maximum increase of 1.5 percent of the actual levy in the prior year.
2. The levy increase limit may be increased by the total amount by which the valuation factor exceeded the actual percentage increase in the levy for each of the previous five years, up to a maximum increase of 5 percent of the actual levy in the prior year, to the extent such excess had not previously formed the basis for such an increase.

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

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

A political subdivision may also exceed the levy limit by action of its governing body that is approved by a referendum.

The levy increase limit otherwise applicable does not apply to amounts levied by a political subdivision to pay debt service on general obligations authorized on or after July 1, 2005, such as these Bonds.

For general 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 increase limit otherwise applicable is increased by the difference between the two amounts.

If a political subdivision's levy for the payment of debt service on general obligations originally issued before July 1, 2005 (and general obligations issued to fund or refund such general Bonds) is less in the current year than it was in the previous year, then the political subdivision shall reduce its levy increase limit in the current year by an amount equal to the amount that its levy was reduced.

The levy increase limit otherwise applicable does not apply to the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 of the Wisconsin Statutes, or a special assessment B bond issued under Section 66.0713 (4) of the Wisconsin Statutes.

In determining the levy increase limit for any year, the tax increment calculated for tax incremental districts is subtracted. If the Wisconsin Department of Revenue does not certify a value increment for a tax incremental district for the current year as a result of the district's termination, the levy increase limit otherwise applicable is increased by an amount equal to the political subdivision's maximum allowable levy for the immediately preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the value increment of the terminated tax incremental district for the previous year by the political subdivision's equalized value for the previous year.

Other adjustments or exceptions to the levy increase limit, which are not described in this summary, are made in specified situations.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated on August 12, 1924 and is governed by a Village Board that consists of a Village President and six Trustees. The President votes in all matters. All Board Members are elected to staggered two-year terms. The appointed Clerk / Administrator and Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 24 full-time, five part-time, and 40 seasonal employees. All eligible employees in the Village 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.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$61,274, \$65,750 and \$116,986, respectively.

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

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

As of December 31, 2017, the total pension liability of the WRS was calculated as \$101.4 billion and the fiduciary net position of the WRS was calculated as \$104.4 billion, resulting in a net pension asset of \$3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2018, the Village reported an asset of \$326,001 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 based on the Village's share of

contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was 0.01097973% of the aggregate WRS net pension asset as of December 31, 2017.

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

Recognized and Certified Bargaining Units

All eligible Village 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.

Under MERA, the Village 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 Village 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 Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.

Under the 2011 changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the Village, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The Village does not provide any other post employment benefits.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

Moreover, if the Village 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 owners of the Bonds would not occur.

FUNDS ON HAND (as of December 11, 2019)

Fund	Total Cash and Investments
General	\$ 2,288,856
Utility	1,379,559
CDA	<u>34,914</u>
Total Funds on Hand	<u><u>\$ 3,703,329</u></u>

ENTERPRISE FUNDS

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

	2016	2017	2018
Water			
Total Operating Revenues	\$ 1,066,216	\$ 1,078,536	\$ 1,054,196
Less: Operating Expenses	<u>(816,179)</u>	<u>(920,808)</u>	<u>(781,312)</u>
Operating Income	\$ 250,037	\$ 157,728	\$ 272,884
Plus: Depreciation	284,455	342,993	353,543
Interest Income	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ 534,492</u></u>	<u><u>\$ 500,721</u></u>	<u><u>\$ 626,427</u></u>
Sewer			
Total Operating Revenues	\$1,151,146	\$ 1,160,059	\$ 1,131,282
Less: Operating Expenses	<u>(907,987)</u>	<u>(948,651)</u>	<u>(920,196)</u>
Operating Income	\$ 243,159	\$ 211,408	\$ 211,086
Plus: Depreciation	248,988	272,873	285,950
Interest Income	<u>2,995</u>	<u>2,287</u>	<u>32,136</u>
Revenues Available for Debt Service	<u><u>\$ 495,142</u></u>	<u><u>\$ 486,568</u></u>	<u><u>\$ 529,172</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the Village's 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Projected ¹	2020 Budget
Revenues					
Taxes	\$3,276,870	\$ 3,430,201	\$ 3,673,022	\$ 3,640,335	\$ 3,456,888
Intergovernmental revenues	610,820	508,873	531,231	602,522	633,258
Fines and forfeitures	104,184	104,201	86,076	84,910	86,000
Charges for services	689,492	700,544	827,188	821,687	855,043
Licenses and permits	257,007	318,208	315,310	168,688	177,000
Investment earnings	4,643	16,046	31,498	82,000	112,500
Commercial and miscellaneous	0	0	0	0	0
revenues					
Rental income and all other	167,804	146,791	124,697	144,523	87,256
Total Revenues	\$5,110,820	\$ 5,224,864	\$ 5,589,022	\$ 5,544,665	\$ 5,407,945
Expenditures					
Current:					
General government	\$ 503,791	\$ 502,802	\$ 525,052	\$ 609,619	\$ 627,098
Public safety	2,151,486	2,204,469	2,339,702	2,401,259	2,383,381
Health and human services	9,344	3,412	15,110	14,840	8,621
Capital outlay	301,560	168,159	143,864	214,251	307,100
Public works	1,045,563	1,077,961	1,200,387	1,259,386	1,211,170
Culture, recreation and education	534,386	585,448	551,736	447,829	558,427
Debt issuance/Contingency	0	0	0	0	0
Conservation and development	133,994	164,353	167,664	252,257	200,007
Total Expenditures	\$4,680,124	\$ 4,706,604	\$ 4,943,515	\$ 5,199,441	\$ 5,295,804
Excess of revenues over (under) expenditures	\$ 430,696	\$ 518,260	\$ 645,507	\$ 345,224	\$ 112,141
Other Financing Sources (Uses)					
Sale of Village Property	5,927	\$ 29,030	\$ 4,120	\$ 2,400	\$ 10,000
Operating transfers in/out	(379,383)	(444,338)	(310,432)	(221,944)	(61,935)
Total Other Financing Sources (Uses)	(373,456)	(415,308)	(306,312)	(219,544)	(51,935)
Net Changes in Fund Balances	\$ 57,240	\$ 102,952	\$ 339,195	\$ 125,680	\$ 60,206
General Fund Balance January 1	1,977,018	2,034,258	2,137,210	3,333,133	3,458,813
Prior Period Adjustment	0	0	856,728	0	0
General Fund Balance December 31	\$2,034,258	\$2,137,210	\$3,333,133	\$3,458,813	\$3,519,019
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	41,373	45,990	42,590	45,000	45,000
Restricted	5,933	5,934	6,960	5,500	5,500
Committed	0	0	0	0	0
Assigned	27,549	11,646	11,646	11,646	11,646
Unassigned	1,959,403	2,073,640	3,271,937	3,396,667	3,456,873
Total	\$2,034,258	\$ 2,137,210	\$ 3,333,133	\$ 3,458,813	\$ 3,519,019

¹ December 31, 2019 projected balances are as of November 30, 2019.

GENERAL INFORMATION

LOCATION

The Village, with a 2010 U.S. Census population of 1,672, and a current estimated population of 1,700, comprises an area of 2,940 acres. The Village is located approximately 23 miles southeast of Janesville and approximately 30 miles southwest of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in Walworth County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
University of Wisconsin - Whitewater	Higher education	1,435 ²
Grand Geneva	Resort/hotel	1,004
Sta-Rite Industries LLC (Pentair)	Pumping equipment manufacturing	950
Walworth County	County government	843 ³
Aurora Health Care of Southern Lakes	Health care/hospital	550
Miniature Precision Components	Plastics product manufacturing	550
Generac Power Systems	Generator manufacturer	500
Abbey Resort	Hotels and motels	490
Elkhorn Area School District	Elementary and secondary education	418
School District of Delavan-Darien	Elementary and secondary education	271

Source: *ReferenceUSA, written and telephone survey (November 2019), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

² From the 2018-2019 Fact Book

³ 842.32 FTE per County's approved 2019 Budget.

BUILDING PERMITS

	2015	2016	2017	2018	2019 ¹
<u>New Single Family Homes</u>					
No. of building permits	17	13	22	22	8
Valuation	\$7,705,000	\$5,775,000	\$7,371,225	\$6,475,100	\$5,366,706
<u>New Multiple Family Buildings</u>					
No. of building permits	2	2	0	1	2
Valuation	\$2,250,000	\$2,000,000	\$0	\$9,000,000	\$2,340,000
<u>New Commercial/Industrial</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>All Building Permits</u> (including additions and remodelings)					
No. of building permits	800	911	908	812	162
Valuation	\$17,568,610	\$14,584,242	\$20,306,812	\$23,686,217	\$7,969,926

Source: The Village.

¹ As of December 17, 2019.

U.S. CENSUS DATA

Population Trend: The Village

Income and Age Statistics

	The Village	Walworth County	State of Wisconsin	United States
2018 per capita income	\$54,899	\$30,593	\$32,018	\$32,621
2018 median household income	\$85,750	\$61,106	\$59,209	\$60,293
2018 median family income	\$107,083	\$74,947	\$75,313	\$73,965
2018 median gross rent	\$840	\$861	\$837	\$1,023
2018 median value owner occupied	\$358,300	\$196,400	\$173,600	\$204,900
2018 median age	59.2 yrs.	39.7 yrs.	39.3 yrs.	37.9 yrs.

	State of Wisconsin	United States
Village % of 2018 per capita income	171.46%	168.29%
Village % of 2018 median family income	142.18%	144.78%

Housing Statistics

	<u>The Village</u>		
	2010	2018	Percent of Change
All Housing Units	2,186	2,407	10.11%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Walworth County	Walworth County	State of Wisconsin
2015	54,344	4.6%	4.6%
2016	55,517	4.0%	4.0%
2017	56,185	3.3%	3.3%
2018	56,807	2.9%	3.0%
2019, November ¹	56,407	2.8%	2.9%

¹ Preliminary.

APPENDIX A

FINANCIAL STATEMENTS

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

VILLAGE OF FONTANA-ON-GENEVA LAKE

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2018

VILLAGE OF FONTANA-ON-GENEVA LAKE

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VILLAGE OF FONTANA-ON-GENEVA LAKE

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Fontana-on-Geneva Lake

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 Village of Fontana-on-Geneva Lake, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Fontana-on-Geneva Lake's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fontana-on-Geneva Lake as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Prior Period Adjustment

As described in Note O to the financial statements, the December 31, 2017 Government-Wide and Fund financial statements have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

The Historical and Other Supplementary Information as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
July 26, 2019

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 341,124	\$ 1,206,129	\$ 1,547,253
Receivables:			
Taxes	4,670,186	-	4,670,186
Accounts	84,597	424,286	508,883
Notes	333,264	-	333,264
Internal balances	3,280,605	(3,280,605)	-
Inventories	-	59,982	59,982
Prepaid items	42,590	-	42,590
Restricted - cash and investments	732,619	275,229	1,007,848
Investment in joint venture - FWWPCC	-	9,063,405	9,063,405
Deferred water tower painting costs	-	414,520	414,520
Capital Assets:			
Land	729,879	74,912	804,791
Other capital assets, net of depreciation	19,295,284	20,403,988	39,699,272
Net pension asset	260,801	65,200	326,001
TOTAL ASSETS	<u>29,770,949</u>	<u>28,707,046</u>	<u>58,477,995</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pension	478,997	119,749	598,746
Deferred bond refunding costs	321,724	-	321,724
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>800,721</u>	<u>119,749</u>	<u>920,470</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	360,785	172,192	532,977
Accrued interest payable	194,263	111,729	305,992
Deposits held	18,450	-	18,450
Bonds and notes payable, due within one year	1,395,130	784,728	2,179,858
Non-current Liabilities:			
Bonds and notes payable, due in more than one year	18,799,391	9,859,712	28,659,103
Bond premium, net of amortization	72,547	62,549	135,096
Compensated absences	173,324	-	173,324
TOTAL LIABILITIES	<u>21,013,890</u>	<u>10,990,910</u>	<u>32,004,800</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes	4,670,186	-	4,670,186
Deferred inflows related to pensions	521,855	130,463	652,318
Unavailable revenue	3,115,981	-	3,115,981
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>8,308,022</u>	<u>130,463</u>	<u>8,438,485</u>
<u>NET POSITION</u>			
Net investment in capital assets	(169,358)	18,897,865	18,728,507
Restricted for pension	217,943	54,486	272,429
Restricted	732,619	275,229	1,007,848
Unrestricted	468,554	(1,522,158)	(1,053,604)
TOTAL NET POSITION	<u>\$ 1,249,758</u>	<u>\$ 17,705,422</u>	<u>\$ 18,955,180</u>

See accompanying notes.

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Program Activities	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT							
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 564,615	\$ 78,399	\$ -	\$ -	\$ (486,216)	\$ -	\$ (486,216)
Public safety	2,583,405	364,938	59,279	-	(2,159,188)	-	(2,159,188)
Public works	2,015,270	232,284	403,623	-	(1,379,363)	-	(1,379,363)
Health	15,110	-	-	-	(15,110)	-	(15,110)
Culture, recreation, and education	643,158	544,837	84,528	-	(13,793)	-	(13,793)
Conservation and development	707,709	2,200	-	22,825	(682,684)	-	(682,684)
Interest and fiscal charges	639,516	-	-	-	(639,516)	-	(639,516)
TOTAL GOVERNMENTAL	7,168,783	1,222,658	547,430	22,825	(5,375,870)	-	(5,375,870)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Water	1,108,280	1,054,196	-	-	-	(54,084)	(54,084)
Sewer	1,079,165	1,131,282	-	31,300	-	83,417	83,417
TOTAL BUSINESS-TYPE	2,187,445	2,185,478	-	31,300	-	29,333	29,333
TOTAL PRIMARY GOVERNMENT	\$ 9,356,228	\$ 3,408,136	\$ 547,430	\$ 54,125	(5,375,870)	29,333	(5,346,537)
<u>GENERAL REVENUES AND TRANSFERS</u>							
Taxes:							
Property taxes levied for general purposes					3,168,973	-	3,168,973
Property taxes levied for debt service					669,696	-	669,696
Property taxes levied for capital projects					738,905	-	738,905
Intergovernmental revenues not restricted to specific programs					23,264	-	23,264
Room taxes					497,949	-	497,949
Franchise taxes and other taxes					54,205	-	54,205
Unrestricted investment income					31,562	32,136	63,698
Rental income and all other					81,478	3,292	84,770
Loss from joint venture investment					-	(128,402)	(128,402)
Gain on sale of capital assets and insurance recoveries					14,147	-	14,147
Amortization of bond premium					3,818	-	3,818
Transfers					151,154	(151,154)	-
TOTAL GENERAL REVENUES					5,435,151	(244,128)	5,191,023
CHANGE IN NET POSITION							
NET POSITION - BEGINNING OF YEAR					59,281	(214,795)	(155,514)
Prior Period Adjustment					862,159	17,808,468	18,670,627
NET POSITION - BEGINNING OF YEAR, AS RESTATED					328,318	111,749	440,067
					1,190,477	17,920,217	19,110,694
NET POSITION - END OF YEAR					\$ 1,249,758	\$ 17,705,422	\$ 18,955,180

See accompanying notes.

VILLAGE OF FONTANA-ON-GENEVA LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	General Capital Projects	CDA Capital Projects	Debt Service	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 332,878	\$ -	\$ 8,246	\$ -	\$ 341,124
Receivables:					
Taxes	3,100,304	-	823,309	746,573	4,670,186
Accounts	84,597	-	-	-	84,597
Note	-	-	333,264	-	333,264
Prepaid items	42,590	-	-	-	42,590
Due from other funds	3,247,969	-	77,303	-	3,325,272
Advances to other funds	3,115,981	-	-	-	3,115,981
Restricted - cash and investments	6,960	725,659	-	-	732,619
TOTAL ASSETS	<u>9,931,279</u>	<u>725,659</u>	<u>1,242,122</u>	<u>746,573</u>	<u>12,645,633</u>
<u>LIABILITIES</u>					
Accounts payable	309,383	-	-	-	309,383
Accrued payroll	51,402	-	-	-	51,402
Due to other funds	-	-	44,667	-	44,667
Deferred revenues	2,626	-	333,264	-	335,890
Deposits held	18,450	-	-	-	18,450
Advances from other funds	-	-	3,115,981	-	3,115,981
TOTAL LIABILITIES	<u>381,861</u>	<u>-</u>	<u>3,493,912</u>	<u>-</u>	<u>3,875,773</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes	3,100,304	-	823,309	746,573	4,670,186
CDA advances due	3,115,981	-	-	-	3,115,981
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,216,285</u>	<u>-</u>	<u>823,309</u>	<u>746,573</u>	<u>7,786,167</u>
<u>FUND BALANCES</u>					
Nonspendable	42,590	-	-	-	42,590
Restricted	6,960	725,659	-	-	732,619
Assigned	11,646	-	-	-	11,646
Unassigned	3,271,937	-	(3,075,099)	-	196,838
TOTAL FUND BALANCES	<u>3,333,133</u>	<u>725,659</u>	<u>(3,075,099)</u>	<u>-</u>	<u>983,693</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$9,931,279</u>	<u>\$ 725,659</u>	<u>\$ 1,242,122</u>	<u>\$ 746,573</u>	<u>\$12,645,633</u>

See accompanying notes.
A-8

VILLAGE OF FONTANA-ON-GENEVA LAKE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 983,693
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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 financial resources and therefore are not reported in the governmental funds as assets.

Capital assets	31,058,871	
Accumulated depreciation	<u>(11,033,708)</u>	20,025,163

Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.

Deferred revenue		657,614
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The Village's proportionate share of the Wisconsin Retirement System net pension asset is reported on the statement of net position, but is not reported in the governmental funds.

		260,801
--	--	---------

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

		478,997
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Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

		(521,855)
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Long-term debt and related items are not due and payable in the current period and therefore are not reported in the governmental funds.

Long-term liabilities at year end consist of:

Notes and bonds payable	(20,194,521)	
Compensated absences	(173,324)	
Unamortized premium	<u>(72,547)</u>	(20,440,392)

Accrued interest payable on debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.

		<u>(194,263)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,249,758</u></u>
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VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	General Capital Projects	CDA Capital Projects	Debt Service	Total Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 3,673,022	\$ -	\$ 738,905	\$ 669,696	\$ 5,081,623
Intergovernmental	531,231	-	-	-	531,231
Licenses and permits	315,310	-	-	-	315,310
Fines and forfeitures	86,076	-	-	-	86,076
Charges for services	827,188	-	37,341	-	864,529
Investment income	31,498	-	64	-	31,562
Rental income and all other	124,697	-	33,944	-	158,641
TOTAL REVENUES	5,589,022	-	810,254	669,696	7,068,972
<u>EXPENDITURES</u>					
Current:					
General government	525,052	-	5,158	-	530,210
Public safety	2,339,702	-	-	-	2,339,702
Public works	1,200,387	-	-	-	1,200,387
Health and human services	15,110	-	-	-	15,110
Culture, recreation, and education	551,736	-	-	-	551,736
Conservation and development	167,664	-	-	-	167,664
Capital outlay	143,864	559,785	5,802	-	709,451
Debt Service:					
Principal	-	-	955,583	354,242	1,309,825
Interest and fiscal charges	-	-	347,001	241,767	588,768
Bond issuance costs	-	1,400	-	-	1,400
TOTAL EXPENDITURES	4,943,515	561,185	1,313,544	596,009	7,414,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	645,507	(561,185)	(503,290)	73,687	(345,281)
<u>OTHER FINANCING SOURCES (USES)</u>					
Sale of Village property	4,120	-	-	-	4,120
Face value of bonds issued	-	208,000	-	-	208,000
Contribution to CDA capital projects fund	(535,273)	-	-	-	(535,273)
Transfer in - tax equivalent	151,154	-	-	-	151,154
Transfer in (out) - other	73,687	-	-	(73,687)	-
TOTAL OTHER FINANCING SOURCES (USES)	(306,312)	208,000	-	(73,687)	(171,999)
NET CHANGE IN FUND BALANCES	339,195	(353,185)	(503,290)	-	(517,280)
FUND BALANCES -					
BEGINNING OF YEAR	2,137,210	1,935,572	(2,571,809)	-	1,500,973
Prior Period Adjustment	856,728	(856,728)	-	-	-
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	2,993,938	1,078,844	(2,571,809)	-	1,500,973
FUND BALANCES - END OF YEAR	\$ 3,333,133	\$ 725,659	\$ (3,075,099)	\$ -	\$ 983,693

See accompanying notes.

VILLAGE OF FONTANA-ON-GENEVA LAKE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (517,280)

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 these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was exceeded by capital outlays in the current period.

Depreciation expense	(1,065,113)	
Capital outlays	<u>626,107</u>	(439,006)

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

Notes receivable	(22,341)	
Special assessments	<u>(3,063)</u>	(25,404)

Changes in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the plan

(32,666)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Face value of bonds issued	(208,000)	
Principal payments on bonds and notes	1,309,825	
Bond premium amortization	3,818	
Amortization of deferred loss on refunding	<u>(53,919)</u>	1,051,724

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 governmental funds.

Changes in interest accrued on long-term debt		4,571
Changes in compensated absences		<u>17,342</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 59,281

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Taxes	\$ 3,629,473	\$ 3,673,022	\$ 43,549
Intergovernmental	547,950	531,231	(16,719)
Licenses and permits	223,000	315,310	92,310
Fines and forfeitures	102,000	86,076	(15,924)
Charges for services	808,464	827,188	18,724
Investment income	2,500	31,498	28,998
Rental income and all other	88,134	124,697	36,563
TOTAL REVENUES	<u>5,401,521</u>	<u>5,589,022</u>	<u>187,501</u>
<u>EXPENDITURES</u>			
General government	572,697	525,052	47,645
Public safety	2,195,795	2,339,702	(143,907)
Public works	1,106,646	1,200,387	(93,741)
Health and human services	10,606	15,110	(4,504)
Culture, recreation, and education	532,397	551,736	(19,339)
Conservation and development	161,682	167,664	(5,982)
Capital outlay	153,515	143,864	9,651
Contingency	25,000	-	25,000
TOTAL EXPENDITURES	<u>4,758,338</u>	<u>4,943,515</u>	<u>(185,177)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>643,183</u>	<u>645,507</u>	<u>2,324</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Village property	20,000	4,120	(15,880)
Contribution to CDA capital projects fund	(535,273)	(535,273)	-
Transfer in - tax equivalent	95,000	151,154	56,154
Transfer in - other	-	73,687	73,687
TOTAL OTHER FINANCING SOURCES (USES)	<u>(420,273)</u>	<u>(306,312)</u>	<u>113,961</u>
NET CHANGE IN FUND BALANCE	222,910	339,195	<u>\$ 116,285</u>
FUND BALANCE - BEGINNING OF YEAR	2,137,210	2,137,210	
Prior Period Adjustment	-	856,728	
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>2,137,210</u>	<u>2,993,938</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,360,120</u>	<u>\$ 3,333,133</u>	

See accompanying notes.
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VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities		
	Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<u>ASSETS</u>			
Cash and investments	\$ -	\$ 1,206,129	\$ 1,206,129
Customer accounts receivable	145,947	278,339	424,286
Due from other funds	202,918	180,991	383,909
Inventories	59,982	-	59,982
Restricted - cash and investments	-	275,229	275,229
Other Assets:			
Investment in joint venture - FWWPCC	-	9,063,405	9,063,405
Deferred water tower painting costs	414,520	-	414,520
Advances to other funds	-	1,541,663	1,541,663
Capital Assets:			
Land	69,412	5,500	74,912
Other capital assets, net of depreciation	12,331,003	8,072,985	20,403,988
Net pension asset	42,380	22,820	65,200
TOTAL ASSETS	13,266,162	20,647,061	33,913,223
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pension	77,837	41,912	119,749
<u>LIABILITIES</u>			
Accounts payable	66,940	99,826	166,766
Accrued payroll	2,178	3,248	5,426
Accrued interest	77,830	33,899	111,729
Due to other funds	836,631	2,827,883	3,664,514
Current portion general obligation bonds and notes	412,508	268,943	681,451
Current portion of revenue bonds	-	103,277	103,277
Non-current Liabilities:			
General obligation bonds and notes payable	5,794,341	2,868,253	8,662,594
Revenue bonds payable	-	1,197,118	1,197,118
Premium on bonds payable	43,771	18,778	62,549
Advance from other funds	1,541,663	-	1,541,663
TOTAL LIABILITIES	8,775,862	7,421,225	16,197,087
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pension	84,801	45,662	130,463
<u>NET POSITION</u>			
Net investment in capital assets	6,193,566	12,704,299	18,897,865
Restricted for pension	35,416	19,070	54,486
Restricted for equipment replacement	-	275,229	275,229
Unrestricted	(1,745,646)	223,488	(1,522,158)
TOTAL NET POSITION	\$ 4,483,336	\$ 13,222,086	\$ 17,705,422

See accompanying notes.

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<u>OPERATING REVENUES</u>			
Charges for services	\$ 1,051,086	\$ 1,131,282	\$ 2,182,368
Other revenue	3,110	-	3,110
TOTAL OPERATING REVENUES	<u>1,054,196</u>	<u>1,131,282</u>	<u>2,185,478</u>
<u>OPERATING EXPENSES</u>			
Operation and maintenance	411,400	625,192	1,036,592
Depreciation	353,543	285,950	639,493
Taxes	16,369	9,054	25,423
TOTAL OPERATING EXPENSES	<u>781,312</u>	<u>920,196</u>	<u>1,701,508</u>
OPERATING INCOME	<u>272,884</u>	<u>211,086</u>	<u>483,970</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment earnings	-	32,136	32,136
Interest expense	(218,404)	(158,969)	(377,373)
Premium amortization	2,304	988	3,292
Amortization	(108,564)	-	(108,564)
Loss from joint venture investment	-	(128,402)	(128,402)
Capital contributions - connection fees	-	31,300	31,300
Transfers out - tax equivalent	(151,154)	-	(151,154)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(475,818)</u>	<u>(222,947)</u>	<u>(698,765)</u>
CHANGE IN NET POSITION	(202,934)	(11,861)	(214,795)
NET POSITION - BEGINNING OF YEAR	4,632,919	13,175,549	17,808,468
Prior Period Adjustment	53,351	58,398	111,749
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>4,686,270</u>	<u>13,233,947</u>	<u>17,920,217</u>
NET POSITION - END OF YEAR	<u>\$ 4,483,336</u>	<u>\$ 13,222,086</u>	<u>\$ 17,705,422</u>

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Business-type Activities		
	Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 1,071,048	\$ 1,126,227	\$ 2,197,275
Receipts from / (payments to) municipality	881,192	(363,555)	517,637
Payments to suppliers	(252,544)	(676,397)	(928,941)
Payments to employees	(164,240)	(114,400)	(278,640)
NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES	1,535,456	(28,125)	1,507,331
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Paid to municipality for tax equivalent	(151,154)	-	(151,154)
Advances to / from other funds	(514,502)	514,502	-
NET CASH PROVIDED (USED) BY			
NONCAPITAL FINANCING ACTIVITIES	(665,656)	514,502	(151,154)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital contributions	-	31,300	31,300
Acquisition and construction of capital assets	(245,465)	(151,452)	(396,917)
Principal paid on bonds and notes	(404,783)	(363,585)	(768,368)
Interest paid on bonds	(219,552)	(160,122)	(379,674)
NET CASH (USED) BY CAPITAL AND			
RELATED FINANCING ACTIVITIES	(869,800)	(643,859)	(1,513,659)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Investment income	-	32,136	32,136
NET CASH PROVIDED BY			
INVESTING ACTIVITIES	-	32,136	32,136
NET CHANGE IN CASH AND INVESTMENTS	-	(125,346)	(125,346)
CASH AND INVESTMENTS - BEGINNING OF YEAR	-	1,606,704	1,606,704
CASH AND INVESTMENTS - END OF YEAR	\$ -	\$ 1,481,358	\$ 1,481,358

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>			
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Operating income	\$ 272,884	\$ 211,086	\$ 483,970
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	353,543	285,950	639,493
Depreciation charged to sewer	12,763	(12,763)	-
Change in pension related assets and liabilities, deferred outflows of resources, and deferred inflows of resources	5,308	2,859	8,167
Change in operating assets and liabilities:			
Accounts receivable	16,852	(5,055)	11,797
Due from other funds	70,665	(44,148)	26,517
Inventories	(8,185)	-	(8,185)
Payables	16,542	(133,946)	(117,404)
Accrued payroll	(2,785)	(43)	(2,828)
Due to other funds	810,527	(319,407)	491,120
Accrued compensated absences	(12,658)	(12,658)	(25,316)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,535,456</u>	<u>(28,125)</u>	<u>1,507,331</u>
<u>RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION</u>			
Cash and investments reported in current assets	-	1,206,129	1,206,129
Cash and investments reported in restricted assets	-	275,229	275,229
TOTAL CASH AND INVESTMENTS	<u>\$ -</u>	<u>\$ 1,481,358</u>	<u>\$ 1,481,358</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

A loss from the FWWPCC joint venture of \$128,402 was recognized under the equity method of accounting in the sewer utility.

VILLAGE OF FONTANA-ON-GENEVA LAKE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	<u>Tax Roll</u>	<u>Municipal Court</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,990,727	\$ 11,657	\$ 4,002,384
Taxes receivable	<u>7,981,887</u>	<u>-</u>	<u>7,981,887</u>
TOTAL ASSETS	<u>11,972,614</u>	<u>11,657</u>	<u>11,984,271</u>
 <u>LIABILITIES</u>			
Due to county and state	4,375,049	-	4,375,049
Due to school and vocational districts	7,597,565	-	7,597,565
Deposits held	<u>-</u>	<u>11,657</u>	<u>11,657</u>
TOTAL LIABILITIES	<u>11,972,614</u>	<u>11,657</u>	<u>11,984,271</u>
 NET POSITION	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Note A - Summary of Significant Accounting Policies

The basic financial statements of the Village of Fontana-on-Geneva Lake (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 Village are described below.

Reporting Entity

The reporting entity for the Village is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the Village for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the Village and the governmental entity; control by the Village over selection of the entity's governing authority or designation of management; the ability of the Village to significantly influence operations of the entity; and whether the Village is responsible for the accountability for fiscal matters.

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the Village's reporting entity because of the significance of their operational or financial relationships with the Village. All significant activities and organizations with which the Village exercises oversight responsibility have been considered for inclusion in the basic financial statements. The Village has no component units, and it is not included in any other governmental reporting entity.

The primary government is a separately elected governing body that is legally separate and fiscally independent.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees and charges for goods or services. Eliminations have been made to avoid double counting of internal activities of the Village.

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

Fund Financial Statements

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

Note A - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Major Funds

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources of the Village except those required to be accounted for in another fund.

General Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - Capital projects funds are used to account for financial resources segregated for the acquisition and construction of major capital facilities. For the Village, the capital projects funds are:

General Capital Projects
Community Development Authority (TIF No. 1)

The Village reports the following major proprietary funds:

Sewer Utility Enterprise Fund - accounts for the activities of operating the sewage treatment plant, sewage pumping stations and collections systems.

Water Utility Enterprise Fund - accounts for the activities of operating the water distribution system.

Additionally, the Village reports the following fund type:

Agency Funds - Agency funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. For the Village, the agency funds are:

Tax Roll Fund
Municipal Court Bond Fund

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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

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

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

Note A - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

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

The preparation of the Village's 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 related notes. Actual results could differ from those estimates.

Cash and Investments

The Village's cash and investments are considered to be cash on hand, demand deposits, time deposits, and the Wisconsin local government investment pool. 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 for the enterprise funds, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase.

Deposit and investment of Village funds are restricted by state statutes. Permitted investments for the Village include any of the following:

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

Receivables and Payables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts.

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 on the balance sheet as appropriate. See Note G for additional information. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note A - Summary of Significant Accounting Policies (continued)

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred revenue in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other governments on the statement of net position. Property tax payments received prior to year-end are reflected in the agency fund.

Details of the Village's property tax calendar for the 2018 tax levy follows:

Lien and levy dates	December 2018
Real estate collection due dates:	
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property tax due in full	January 31, 2019
Final settlement with county	August 2019
Tax sale of 2018 delinquent real estate taxes	October 2021

Inventories

Inventories of the Utility Enterprise Fund are generally used in the operation and maintenance of the Water Utility. The inventories are valued at cost using the first-in / first-out (FIFO) method, which approximates market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

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

Restricted Assets

Cash and investments have been restricted for the following at December 31, 2018:

	Governmental Funds	Proprietary Funds	Total
Unspent loan proceeds	\$ 725,659	\$ -	\$ 725,659
Rescue squad	6,960	-	6,960
Equipment replacement fund - Sewer	-	275,229	275,229
Total Restricted Assets	\$ 732,619	\$ 275,229	\$ 1,007,848

Capital Assets

Government-Wide Financial Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$3,000 and an estimated useful life in excess of two years, except for certain assets of the water and sewer utilities which may be capitalized at a lower cost. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The costs of maintenance and repairs that do not add to the value of the asset or extend the asset life are not capitalized. No interest was capitalized during the current year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

As provided for in Statement No. 34 of the Governmental Accounting Standards Board, the Village has elected to report its infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) on the prospective basis. Accordingly, infrastructure assets in place as of January 2004 are not reported in the financial statements. Infrastructure assets in acquired subsequent years are capitalized as they are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed.

The range of estimated useful lives by type of asset is as follows:

Assets	Years
Buildings	50
Land improvements	30
Public domain infrastructure	50
Roads	30
Vehicles and equipment	3 - 15
Office equipment	10
Computer equipment	5

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

Compensated Absences

The Village allows employees to accumulate unused sick leave to a maximum of 60 days for police officers and 90 days for all other employees. Upon retirement or resignation of employees employed by the Village on or before December 31, 2013 and with at least 10 years of employment with the Village, the Village pays up to 60 days for police, and up to 90 days for others of accumulated sick leave. Sick leave in excess of the 60 or 90 day maximum is not paid upon termination, but will be paid only upon illness while in the employment of the Village.

Vacations are granted in varying amounts on the employees' anniversary dates. Generally, vacation time must be used within a year of the anniversary date; however each employee, except for police, may carry over up to two weeks of vacation to the following year. Any accumulated vacation that was not allowed to be taken due to work-related assignments is also paid upon termination. Employees hired on January 1, 2014 and thereafter shall not be paid out for any unused benefits at the termination of the employees employment.

Note A - Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

As of December 31, 2018, the liabilities for accrued vested sick leave and accrued vested vacation time have balances of \$173,324 and \$0, respectively, for the combined general Village and the Water and Sewer Utilities. The amount expected to be paid from current resources is not significant.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Village has two types of items that qualify for reporting in this category. The first item, deferred outflows of resources related to the WRS net pension liability (asset), is explained in more detail in Note K. The second item, deferred loss on refunding, is deferred and amortized based on the remaining life of the 2006 and 2008 general obligation corporate purpose bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has three types of items that qualify for reporting in this category. The first item, property taxes, will be recognized as an inflow of resources in the subsequent year for which it was levied. The second item, deferred inflows of resources related to the WRS net pension liability (asset), is explained in more detail in Note K. The third item, unavailable revenue (advance from General Fund to CDA Capital Projects Fund), is deferred and will be recognized as an inflow when the advance is repaid to the General Fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type statement of net position.

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

Pensions

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

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Government-Wide Statements and Proprietary Fund Statements

Equity is classified as Net Position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and any capital related deferred outflows of resources and reduced by the 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.

Restricted Net Position - Consists of Net Position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Consists of Net Position which are available for appropriation and expenditure in future periods and are neither classified as restricted or as net investment in capital assets.

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

Governmental Fund Financial Statements

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund balance classifications.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned Fund Balance - includes amounts that are constrained by the Village's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Village Board.

Committed Fund Balance - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Village Board, the Village's highest level of decision-making authority. This formal action is a Village board resolution.

Nonspendable Fund Balance - includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

Unassigned Fund Balance - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

When an expenditure / expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the Village's general policy to use restricted resources first.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances (continued)

When expenditures / expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Village's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Note B - Stewardship, Compliance, and Accountability

Budgetary Information

The Village reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with GAAP.

Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Budget appropriations for certain capital projects funds are project oriented, often possessing multi-year lives; consequently, budgeted capital projects expenditures are controlled through fund balances. Expenditures cannot legally exceed their appropriations at the fund level.

The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the Village board. The Village did not amend its budget during the year.

Excess of Expenditures Over Appropriations

The following functions had an excess of actual expenditures over budget for the year ended December 31, 2018:

	Excess Expenditures
General Fund	
Public Safety	\$ 143,907
Public Works	93,741
Health and Human Services	4,504
Culture, Recreation, and Education	19,339
Conservation and Development	5,982

Deficit Fund Equity

The following individual fund had a deficit fund balance as of December 31, 2018:

CDA (TIF) Capital Projects	Deficit \$ (3,075,099)
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The CDA (TIF) capital projects fund deficit balance is due to prior and current year cost advances from the general fund that will be repaid with future tax increment collections.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note B - Stewardship, Compliance, and Accountability (continued)

General Fund Nonspendable, Restricted, and Assigned Fund Balances

The fund balance of the General Fund was nonspendable at December 31, 2018 for the following:
Prepaid Expenditures \$42,590

The fund balance of the General Fund was restricted at December 31, 2018 for the following:
Rescue Squad \$ 6,960

The fund balance of the General Fund was assigned at December 31, 2018 for the following:
Tree Replacement \$10,665
Fire Boat 981
Total Assigned \$11,646

Note C - Cash and Investments

The Village's cash and investments at December 31, 2018 consisted of the following:

	Carrying Amount	Bank Balance	Uncollateralized Uninsured Deposits	Associated Risks
Checking and savings accounts	\$ 6,552,362	\$ 6,634,743	\$ -	Custodial
Local Government Investment Pool	4,759	4,801	-	Credit
Petty cash	364	-	-	N/A
Total cash and investments	<u>\$ 6,557,485</u>	<u>\$ 6,639,544</u>	<u>\$ -</u>	<u>-</u>

The Village's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position	
Cash and investments	\$ 1,547,253
Restricted cash and investments	1,007,848
Per Statement of Fiduciary Net Position	
Tax collection	3,990,727
Municipal court	11,657
Total cash and investments	<u>\$ 6,557,485</u>

Village deposits are insured in each local and area bank by the FDIC for up to \$250,000 for time and savings deposits (including NOW accounts), and \$250,000 for demand deposits (interest bearing and non-interest bearing). The Village utilizes MaxSafe accounts with Wintrust Financial Corporation that increase FDIC protection up to \$3.75 million in that specific bank. All Village deposits are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities. For all investments shown, the fair value at the balance sheet date is substantially the same as the carrying value. The difference between the amounts reported as bank deposits and the carrying amounts above is due to the effect of outstanding checks and deposits in transit on the Village's cash balances.

Deposits exceed the amount of FDIC insurance available at certain times during the year due primarily to the collection of property taxes pending settlement with the other taxing districts.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note C - Cash and Investments (continued)

The Village addresses the following risks related to its cash and investments:

Custodial Credit Risk

Custodial credit risk represents the risk that in the event of a financial institution failure, the Village's deposits may not be recovered. The Village maintains an irrevocable letter of credit and collateral agreements with its financial institution. At December 31, 2018, the letter of credit amount was \$10,000,000, resulting in none of the Village's bank deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The Village has deposits in the Local Government Investment Pool which is not rated, however, consists of investments in federal government securities.

Interest Rate Risk

The Village does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2018 the Village's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$4,801.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board and administered by the State of Wisconsin Department of the Treasury. Investments in the LGIP are not rated. The SIF is not registered and has no plans to register with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25.50. The SIF reports the fair value of its underlying assets annually. The Village has the right to withdraw its funds in total on one day's notice. At December 31, 2018, the fair value of the Village's share of the LGIP assets was substantially equal to the amount reported above.

The Village has not adopted a formal investment policy concerning interest rate and credit risk.

Note D - Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report deferred inflows of resources in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable	Unearned
Property and other taxes receivable	\$ -	\$ 4,670,186
Unearned revenue - special charges	2,626	-
Unearned revenue - notes receivable	333,264	-
Total deferred / unearned revenue for governmental funds	\$ 335,890	\$ 4,670,186

The note receivable was issued to a business located in the Village. Repayment of the note is structured to be received in installments equal to the Village's repayment of its 2008 state trust fund loan; however, the note agreement includes various allowances if certain tax incremental growth is realized.

A provision for uncollectible accounts has not been provided in the customer accounts receivable of the Water and Sewer Utilities as the Village has the statutory authority to collect all delinquent utility bills from the property tax roll.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note E - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 729,879	\$ -	\$ -	\$ 729,879
Total capital assets not being depreciated	729,879	-	-	729,879
Capital assets being depreciated				
Buildings	5,272,063	15,521	-	5,287,584
Improvements other than buildings	3,256,410	-	-	3,256,410
Machinery and equipment	3,412,252	340,203	(27,942)	3,724,513
Infrastructure	17,790,102	270,383	-	18,060,485
Total capital assets being depreciated	29,730,827	626,107	(27,942)	30,328,992
Less: accumulated depreciation				
Buildings	(2,539,498)	(99,190)	-	(2,638,688)
Improvements other than buildings	(1,437,259)	(158,706)	-	(1,595,965)
Machinery and equipment	(2,123,568)	(234,794)	27,942	(2,330,420)
Infrastructure	(3,896,212)	(572,423)	-	(4,468,635)
Total accumulated depreciation	(9,996,537)	(1,065,113)	27,942	(11,033,708)
Net capital assets being depreciated	19,734,290	(439,006)	-	19,295,284
Net governmental activities capital assets	\$ 20,464,169			\$ 20,023,163

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 20,556
Public safety	161,916
Public works (includes depreciation of infrastructure)	794,614
Culture and recreation	83,255
Conservation and development	4,772
Total Governmental Activities Depreciation Expense	\$ 1,065,113

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note E - Capital Assets (continued)

Capital asset activity in the business-type activities for the year ended December 31, 2018 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Business-type Activities:				
Capital assets not being depreciated				
Non-utility property	\$ 568	\$ -	\$ -	\$ 568
Land	74,344	-	-	74,344
Total capital assets not being depreciated	74,912	-	-	74,912
Capital assets being depreciated				
Structures and improvements	3,377,978	-	-	3,377,978
Machinery and equipment	4,045,948	109,980	(54,990)	4,100,938
Transmission, distribution, and collection	20,763,232	286,937	(24,185)	21,025,984
Total capital assets being depreciated	28,187,158	396,917	(79,175)	28,504,900
Less: accumulated depreciation				
Structures and improvements	(1,627,812)	(84,701)	-	(1,712,513)
Machinery and equipment	(2,115,490)	(178,888)	54,990	(2,239,388)
Transmission, distribution, and collection	(3,797,292)	(375,904)	24,185	(4,149,011)
Total accumulated depreciation	(7,540,594)	(639,493)	79,175	(8,100,912)
Net capital assets being depreciated	20,646,564	(242,576)	-	20,403,988
Net business-type activities capital assets	\$ 20,721,476			\$ 20,478,900

Depreciation expense was charged to business-type activities of the Village as follows:

Water	\$ 353,543
Sewer	285,950
Total Business-type Activities Depreciation Expense	\$ 639,493

Note F - Investment in Fontana - Walworth Water Pollution Control Commission (FWWPPCC)

The Village adopted an ordinance on December 3, 1984 establishing a commission to control the construction and operation of a wastewater plant and interceptors jointly owned with the Village of Walworth. The plant is operated by the Fontana - Walworth Water Pollution Control Commission (the "Commission"). The Village's investment in the Commission is accounted for using the equity method of accounting and adjusts its investment annually for the operating results of the Commission. Complete financial statements of the Fontana - Walworth Water Pollution Control Commission may be obtained from its office at N840 Chilson Rd., Sharon, Wisconsin 53585.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note G - Interfund Receivables, Payables and Transfers

The following is a schedule of interfund receivables and payables at December 31, 2018:

	Receivable Fund	Payable Fund	Amount
General Fund		Sewer Utility	\$ 2,392,776
General Fund		Water Utility	810,526
General Fund		CDA Capital Projects	44,667
CDA Capital Projects		Water Utility	26,105
CDA Capital Projects		Sewer Utility	51,198
Total Governmental Funds			3,325,272
Water Utility		Sewer Utility	202,918
Sewer Utility		General Fund	180,991
Total Business-type Funds			\$ 383,909

Advances to and from other funds consist of the following:

	Receivable Fund	Payable Fund	Amount
General Fund		CDA Capital Projects	\$ 3,115,981
Sewer Utility		Water Utility	1,541,663
			\$ 4,657,644

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenses occur; transactions are recorded in the accounting system; and payments between funds are made. The Village is in the process of creating a repayment schedule for the advance between the Water and Sewer Utilities, and the General Fund and CDA fund.

Interfund transfers consist of the following:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Debt Service Fund	\$ 73,687	Return excess taxes levied in fund
General Fund	Water Utility	151,154	Account for property tax equivalent settlement

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note H - Long-Term Obligations

Outstanding debt and other long-term obligations were comprised of the following at December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation debt	\$ 21,296,346	\$ 208,000	\$ 1,309,825	\$ 20,194,521	\$ 1,395,130
Compensated absences	190,666	-	17,342	173,324	-
Total governmental activities	21,487,012	208,000	1,327,167	20,367,845	1,395,130
Business-type Activities:					
General obligation debt	10,011,820	-	667,775	9,344,045	681,451
Revenue bonds	1,400,988	-	100,593	1,300,395	103,277
Compensated absences	25,316	-	25,316	-	-
Total business-type activities	11,438,124	-	793,684	10,644,440	784,728
Total long-term obligations	\$ 32,925,136	\$ 208,000	\$ 2,120,851	\$ 31,012,285	\$ 2,179,858

General Obligation Debt

General obligation notes and bonds payable are backed by the full faith and credit of the Village. Governmental funds general obligation debt will be retired by future property tax levies and tax increments accumulated in the debt service fund. Business-type activities general obligation debt will be retired by revenues from user fees or, if the revenues are not sufficient to cover debt, by future tax levies.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note H - Long-Term Obligations (continued)

General obligation debt of the Village currently outstanding is as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2018
Governmental Activities:					
2010 refunding bonds	11/30/10	03/01/29	2.0 - 4.5%	\$ 7,140,000	\$ 5,621,153
2010 bank loan	04/09/10	04/09/20	3.80%	525,000	105,000
2012 corporate purpose bonds	02/09/12	02/01/32	0.4 - 3.5%	4,100,000	1,094,520
2012 refunding bonds	03/15/12	03/01/29	2.0 - 2.7%	1,840,000	245,089
2014 corporate purpose bonds	03/20/14	03/01/34	2.0 - 4.0%	4,430,000	1,475,000
2015 DOT bridge loan	02/18/15	03/25/35	2.00%	1,500,000	1,263,702
2015 corporate purpose bonds	04/23/15	06/01/28	2.0 - 2.5%	7,805,000	5,375,286
2016 corporate purpose bonds	02/08/16	06/01/36	2.0 - 3.0%	2,750,000	2,560,000
2017 corporate purpose bonds	02/06/17	02/01/37	3.0 - 3.25%	4,355,000	2,260,000
2018 general obligation promissory note	03/30/18	02/15/24	3.347%	208,000	194,771
Total general obligation debt - governmental activities					20,194,521
Business-type Activities:					
2010 refunding bonds	11/30/10	03/01/29	2.0 - 4.5%	7,140,000	353,848
2012 corporate purpose bonds	02/09/12	02/01/32	0.4 - 3.5%	4,100,000	2,070,510
2012 refunding bonds	03/15/12	03/01/29	2.0 - 2.7%	1,840,000	989,972
2014 corporate purpose bonds	03/20/14	03/01/34	2.0 - 4.0%	4,430,000	2,400,000
2015 corporate purpose bonds	04/23/15	06/01/28	2.0 - 2.5%	7,805,000	1,469,715
2016 corporate purpose bonds	02/08/16	06/01/36	2.0 - 3.0%	2,750,000	140,000
2017 corporate purpose bonds	02/06/17	02/01/37	3.0 - 3.25%	4,355,000	1,920,000
Total general obligation debt - business-type activities					9,344,045
Total All General Obligation Debt					\$ 29,538,566

The annual debt service requirements to maturity for general obligation long term debt as of December 31, 2018, are as follows:

Year Ending December 31,	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 1,395,130	\$ 577,654	\$ 681,451	\$ 250,572
2020	1,439,089	542,128	664,922	236,482
2021	1,502,948	502,247	676,057	222,157
2022	1,545,188	461,658	676,375	207,029
2023	1,602,584	419,226	681,606	190,875
2024 - 2028	7,866,449	1,396,032	3,261,839	691,099
2029 - 2033	3,551,016	422,239	2,021,795	272,297
2034 - 2037	1,292,117	63,586	680,000	37,500
	\$ 20,194,521	\$ 4,384,770	\$ 9,344,045	\$ 2,108,011

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note II - Long-Term Obligations (continued)

Revenue Bonds

Revenue bonds are pledged by the assets and revenues of the issuing utility.

Revenue bond debt outstanding at December 31, 2018 is as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2018
Business-type Activities:					
2009 CWF Sewer bonds	11/25/09	05/01/29	2.668%	\$ 2,026,941	\$ 1,300,395
Total revenue bonds - business-type activities					<u>\$ 1,300,395</u>

Debt service requirements to maturity for revenue bond debt as of December 31, 2018, are as follows:

Year Ending December 31,	Business-type Activities	
	General Obligation Debt	Interest
2019	\$ 103,277	\$ 33,317
2020	106,032	30,525
2021	108,861	27,658
2022	111,765	24,715
2023	114,748	21,693
2024 - 2028	621,326	60,244
2029	134,386	1,793
	<u>\$ 1,300,395</u>	<u>\$ 199,945</u>

Refunding of Outstanding Bonds

On April 23, 2015, the Village issued \$7,805,000 in general obligation bonds with an average true interest rate of 2.073% that was used to advance refund \$6,945,000 of outstanding bonds and provide new proceeds of \$330,000. The refunding issue reduces its total debt service over the life of the bonds by \$681,649 and results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$596,199. Certain costs associated with the refunding bonds are being deferred and reported on the statement of net position. These costs will be amortized as a component of interest expense over the life of the defeased 2006 and 2008 bonds, which were scheduled to be fully paid in 2026 and 2028, respectively.

Margin of Indebtedness

The Wisconsin Statutes restrict the Village's general obligation debt to 5% of the equalized value of all property in the Village. This amount is compared below with the outstanding debt on December 31, 2018.

Equalized Value - 2018	\$ 1,176,212,800
Debt limit (5% of \$1,176,212,800)	58,810,640
Deduct general obligation debt	<u>29,538,566</u>
Margin of Indebtedness	<u>\$ 29,272,074</u>

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note I - Lease Income

The Village has entered into agreements with various lessees for the rental of a building, pier space, and mounting of telecommunications equipment on a Village-owned tower. Rental income for the year ended December 31, 2018 was \$88,532.

The remaining future rental payments due on unextended leases currently in effect are as follows:

	Year	Amount
	2019	\$ 85,278
	2020	<u>87,188</u>
Total lease income		<u>\$ 172,466</u>

Note J - Risk Management

The Village has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, and injuries to employees. Payments of premiums for these policies are recorded as expenditures or expenses in the various funds of the Village.

Note K - WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, are 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

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

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

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

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

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note K - WRS Pension (continued)

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund		Variable Fund	
	Adjustment		Adjustment	
2007	3.0%		10.0%	
2008	6.6	0.0		
2009	(2.1)	(42.0)		
2010	(1.3)	22.0		
2011	(1.2)	11.0		
2012	(7.0)	(7.0)		
2013	(9.6)	9.0		
2014	4.7	25.0		
2015	2.9	2.0		
2016	0.5	(5.0)		
2017	2.0	4.0		

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. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$114,467 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.93%
Protective without Social Security	6.7%	15.13%

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note K - WRS Pension (continued)

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

At December 31, 2018, the Village reported a liability (asset) of (\$326,001) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.01097973%, which was an increase of 0.00051434% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village of Fontana-On-Geneva Lake recognized pension expense of \$140,345.

At December 31, 2018, the Village 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	\$ 414,192	\$ 193,745
Net difference between projected and actual earnings on pension plan investments	-	448,057
Changes in assumptions	64,411	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,157	10,516
Employer contributions subsequent to the measurement date	116,986	-
	<u>\$ 598,746</u>	<u>\$ 652,318</u>

\$116,986 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 333,232	\$ 299,025
2019	293,698	299,025
2020	105,035	219,306
2021	97,929	183,869
2022	782	10

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note K - WRS Pension (continued)

Actuarial assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority / Merit	0.2 - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

**Asset Allocation Targets and Expected Returns
As of December 31, 2017**

Core Fund Asset Class	Asset Allocation %	Long-term		Long-term Expected Real Rate of Return %
		Expected Nominal Rate of Return %	Expected Real Rate of Return %	
Global Equities	50	8.2	5.3	
Fixed Income	24.5	4.2	1.4	
Inflation Sensitive Assets	15.5	3.8	1.0	
Real Estate	8	6.5	3.6	
Private Equity / Debt	8	9.4	6.5	
Multi-asset	4	6.5	3.6	
Total Core Fund	110	7.3	4.4	
Variable Fund Asset Class				
U.S. Equities	70	7.5	4.6	
International Equities	30	7.8	4.9	
Total Variable Fund	100	7.9	5.0	

New England Pension Consultants Long-term U.S. CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocation

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note K - WRS Pension (continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

Village's proportionate share of the net pension liability (asset)	1% Decrease to Discount Rate (6.20%)		Current Discount Rate (7.20%)		1% Increase to Discount Rate (8.20%)	
	\$	843,476	\$	(326,001)	\$	(1,214,840)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://ef.vi.gov/publications/cafr.htm>.

Payable to the Pension Plan. At December 31, 2018 the Village reported a payable of \$31,686 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

Note L - Tax Incremental District

The Village has established tax incremental financing (TIF) District No. 1 (the "District"), reported as the Community Development Authority fund, on September 26, 2001 pursuant to a law enacted to provide a process by which local units of government could finance public works or improvements in blighted areas from taxes levied by county, village, schools and other local jurisdictions based on the increase in property values within a designated geographic area. When a tax incremental district is established, the state determines the aggregate value of taxable property located within the district (the base value). Taxes derived from levies by all local jurisdictions on property values exceeding the base value determined by the state are allocated to the Village for financing improvements within the District.

On May 28, 2014, the District amended its project plan to designate it as distressed as provided for in the Wisconsin statutes. The distressed designation provides, among other things, that maximum life of the District be extended by 10 years, thereby establishing a revised termination date of September 26, 2038. The District's projects costs (summarized below) have been financed by the issuance of general obligation bonds and notes. The recovery of the project costs is subject to sufficient increments being generated in the District before the end of the life of the District.

As of December 31, 2018, the Village general fund has advanced \$3,115,981 to the District in order for it to meet its debt service requirements. In the opinion of Village management, the District will collect sufficient revenues in order to repay the amounts advanced before its extended termination date.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note L - Tax Incremental District (continued)

Following is summary information of the Village's TIF District:

	Year Ended	From Date of Creation
Project Costs		
Capital expenditures	\$ 5,802	\$ 17,407,114
Administration and planning	5,158	548,476
Interest expense and cost of issuance	347,001	6,673,897
Total Project Costs	357,961	24,629,487
Project Revenues		
Tax increments	738,905	10,596,627
Intergovernmental	-	220,869
Investment income	64	249,957
Note repayment and all other	71,285	951,225
Total Project Revenues	810,254	12,018,678
Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2018	\$ (452,293)	\$ 12,610,809

Note M - Litigation and Contingencies

The Village attorney and Village management are aware of pending or threatened litigation against the Village at December 31, 2018. The Village's attorney has indicated that the Village's insurance provider has accepted the defense of these matters and has not disputed the Village's claim for insurance coverage. The Village attorney and Village management are also aware of unasserted claims and assessments against the Village as of December 31, 2018. The Village attorney has determined it is not possible to evaluate the likelihood of an unfavorable outcome or potential loss until these claims have been made. The Village insurance provider has been notified.

Note N - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through July 26, 2019, the date the financial statements were available to be issued, and concluded the following matters required disclosure:

On January 24, 2019, the Village issued \$7,705,000 in General Obligation Corporate Purpose Bonds, Series 2019A. The bonds were issued to finance the following: sewerage improvements, street improvements, water system improvements, parking lot and other parking facilities, and the current refunding of the General Obligation Corporate Purpose Bonds, Series 2010B dated November 30, 2010 and the General Obligation Promissory Note dated March 30, 2018. The bonds are payable beginning March 1, 2020 and ending March 1, 2038 with variable principal payments. Interest on the loan varies from 3.0% to 3.5%.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note O - Restatement of Net Position

Prior Period Adjustments - Government-Wide Financial Statements

A prior period adjustment was made to increase the net position of the Governmental Activities and Business-type Activities due to a misstatement in accumulated totals of deferred outflows and deferred inflows related to WRS pension benefits.

A prior period adjustment was made to increase the net position and valuation of the investment in joint venture within the Sewer Utility due to a misstatement in accumulated totals of deferred outflows and deferred inflows related to WRS pension benefits.

The net effect of these changes *in* net position are as follows:

	Governmental Activities	Business-type Activities
Change in net position as of December 31, 2017	\$ (611,547)	\$ (281,078)
WRS pension benefits	328,318	82,080
Investment in joint venture	-	29,669
Change in net position as of December 31, 2017, as restated	<u>\$ (283,229)</u>	<u>\$ (169,329)</u>
The net effect of these changes <i>to</i> net position are as follows:		
Net position as of December 31, 2017	\$ 862,159	\$ 17,808,468
WRS pension benefits	328,318	82,080
Investment in joint venture	-	29,669
Net position as of December 31, 2017, as restated	<u>\$ 1,190,477</u>	<u>\$ 17,920,217</u>

The net effect of these changes within the Business-type Activities are as follows:

	Water Utility	Sewer Utility	Total Business-type
Net position as of December 31, 2017	\$ 4,632,919	\$ 13,175,549	\$ 17,808,468
WRS pension benefits	53,351	28,729	82,080
Investment in joint venture	-	29,669	29,669
Net position as of December 31, 2017, as restated	<u>\$ 4,686,270</u>	<u>\$ 13,233,947</u>	<u>\$ 17,920,217</u>

Prior Period Adjustment - Fund Financial Statements

A prior period adjustment was made to correctly reflect the use of borrowed funds. This resulted in an increase to the fund balance of the General Fund and a decrease to the fund balance of the General Capital Projects fund due to prior years' capital expenditures being recorded through the General Fund when debt proceeds in the General Capital Projects fund should have been used.

The net effect of this change *to* fund balance is as follows:

	General Fund	General Capital Projects
Fund balance as of December 31, 2017	\$ 2,137,210	\$ 1,935,572
Reclass of capital expenditures	856,728	(856,728)
Fund balance as of December 31, 2017, as restated	<u>\$ 2,993,938</u>	<u>\$ 1,078,844</u>

VILLAGE OF FONTANA-ON-GENEVA LAKE

SCHEDULE OF VILLAGES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Wisconsin Retirement System
 Last 10 Fiscal Years*

WRS Year End	Village's proportion of the net pension (asset) liability	Village's proportionate share of the net pension (asset) liability	Village's covered-employee payroll	Net pension (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2017	0.01097973%	\$ (326,001)	\$ 1,426,499	(22.85%)	102.93%
2016	0.01046539%	\$ 86,261	\$ 1,388,415	6.21%	99.12%
2015	0.01013709%	\$ 164,727	\$ 1,388,440	11.86%	98.20%
2014	0.00989456%	\$ (243,037)	\$ 1,202,104	(20.22%)	102.74%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGES' CONTRIBUTIONS
 Wisconsin Retirement System
 Last 10 Fiscal Years*

Fiscal Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2017	\$ 114,467	\$ 114,467	\$ -	\$ 1,426,499	8.02%
2016	\$ 104,545	\$ 104,545	\$ -	\$ 1,388,415	7.53%
2015	\$ 102,693	\$ 102,693	\$ -	\$ 1,338,440	7.67%
2014	\$ 96,248	\$ 96,248	\$ -	\$ 1,202,104	8.01%

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

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See accompanying notes to required supplementary information.

VILLAGE OF FONTANA-ON-GENEVA LAKE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 - PENSIONS

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

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF FONTANA-ON-GENEVA LAKE
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
General property taxes	\$ 3,168,973	\$ 3,168,973	\$ -
Room tax revenue	460,500	504,049	43,549
TOTAL TAXES	3,629,473	3,673,022	43,549
<u>INTERGOVERNMENTAL</u>			
Shared revenue from state	21,536	21,536	-
Fire insurance from state	30,000	34,699	4,699
Rescue Act 102 aid	4,500	4,652	152
Library system grant	34,117	34,117	-
State highway aid	386,797	386,797	-
State boating safety aid	27,500	19,928	(7,572)
State grant for recycling	16,000	16,826	826
Village of Walworth building permits	25,000	10,948	(14,052)
Other intergovernmental	2,500	1,728	(772)
TOTAL INTERGOVERNMENTAL	547,950	531,231	(16,719)
<u>LICENSES AND PERMITS</u>			
Cigarette license	1,000	500	(500)
Liquor licenses	5,000	4,760	(240)
Building permits	165,000	245,751	80,751
Commercial fire inspection fees	4,000	662	(3,338)
Dog license	500	312	(188)
Operator and other licenses	8,500	9,120	620
Cablevision fees	39,000	54,205	15,205
TOTAL LICENSES AND PERMITS	223,000	315,310	92,310
<u>FINES AND FORFEITURES</u>			
Court penalty costs	95,000	79,977	(15,023)
Parking fines	7,000	6,099	(901)
TOTAL FINES AND FORFEITURES	\$ 102,000	\$ 86,076	\$ (15,924)

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VILLAGE OF FONTANA-ON-GENEVA LAKE
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC CHARGES</u>			
Parking meters	\$ 160,000	\$ 168,828	\$ 8,828
Parking lots	40,500	50,153	9,653
Boat launching	52,250	53,876	1,626
Beach	281,250	260,217	(21,033)
Boat slips and shore stations	154,253	163,554	9,301
Buoy and ramp rental	12,461	12,360	(101)
Publication fees	200	840	640
Park fees	750	2,200	1,450
Park fees / concessions	16,500	16,921	421
Recycling revenue	10,000	5,472	(4,528)
Other revenue	3,300	6,687	3,387
Fire fees	500	-	(500)
Rescue squad fees	75,000	83,880	8,880
Planning re-zone fees	1,500	2,200	700
TOTAL PUBLIC CHARGES	808,464	827,188	18,724
<u>INVESTMENT INCOME</u>			
Interest earned	2,500	31,498	28,998
<u>RENTAL AND OTHER</u>			
Rental income - Lake Street marina	40,697	45,805	5,108
Rental income - cellular tower	42,500	38,121	(4,379)
Rental income - piers	3,937	4,606	669
Insurance refunds and recoveries	-	10,027	10,027
FontanaWear sales	1,000	1,813	813
Donations - other	-	22,825	22,825
Miscellaneous Revenue	-	1,500	1,500
TOTAL RENTAL AND OTHER	88,134	124,697	36,563
TOTAL REVENUES	\$ 5,401,521	\$ 5,589,022	\$ 187,501

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VILLAGE OF FONTANA-ON-GENEVA LAKE
DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT</u>			
Trustees	\$ 34,819	\$ 32,319	\$ 2,500
President	9,850	8,787	1,063
Municipal court	32,557	33,667	(1,110)
Legal	120,000	118,475	1,525
Administration	73,411	14,148	59,263
Clerk-treasurer	124,460	166,378	(41,918)
Elections	2,200	4,144	(1,944)
Accounting	20,500	13,729	6,771
Assessment	39,500	39,200	300
Board of review	850	156	694
Village hall	59,700	41,141	18,559
Other buildings	13,000	18,042	(5,042)
Maps and plats	800	-	800
Non-medical insurance	37,500	14,246	23,254
Cell tower repair	1,100	2,488	(1,388)
Refundable and uncollectible taxes	450	-	450
Worker's compensation	-	18,132	(18,132)
Unemployment compensation	2,000	-	2,000
TOTAL GENERAL GOVERNMENT	572,697	525,052	47,645
<u>PUBLIC SAFETY</u>			
Police administration and patrol	848,382	882,296	(33,914)
Police training	9,500	2,311	7,189
Geneva Lake law enforcement	48,174	46,217	1,957
Water safety patrol	39,940	39,940	-
Fire protection	71,559	98,287	(26,728)
Fire training	7,500	2,584	4,916
Fire administration	23,141	18,444	4,697
Fire compensation	900	462	438
Rescue	538,992	541,678	(2,686)
Emergency government	2,740	2,637	103
Public fire protection - hydrant rental	355,257	355,257	-
Building inspection	214,210	312,193	(97,983)
Correction and detention	500	525	(25)
Safety building	35,000	36,871	(1,871)
TOTAL PUBLIC SAFETY	\$ 2,195,795	\$ 2,339,702	\$ (143,907)

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VILLAGE OF FONTANA-ON-GENEVA LAKE
DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC WORKS</u>			
Engineering fees	\$ 10,000	\$ 17,246	\$ (7,246)
Street maintenance	577,486	642,570	(65,084)
Snow and ice removal	39,000	33,089	5,911
Street lighting	39,500	38,967	533
Parking facilities	17,043	21,959	(4,916)
Docks-harbors-piers	55,000	73,555	(18,555)
Garbage collection	219,511	219,511	-
Recycling	115,806	110,079	5,727
Tree and brush control	5,500	3,807	1,693
Public works building	27,800	39,604	(11,804)
TOTAL PUBLIC WORKS	1,106,646	1,200,387	(93,741)
<u>HEALTH AND HUMAN SERVICES</u>			
Insect control	10,606	15,110	(4,504)
<u>CULTURE, RECREATION, AND EDUCATION</u>			
Library	266,359	273,130	(6,771)
Parks	82,393	77,588	4,805
Park house	1,950	1,242	708
Park commission	100,500	112,809	(12,309)
Duck Pond pavilion	4,300	4,924	(624)
Beaches	52,068	53,742	(1,674)
Recreation programs	1,500	348	1,152
Fontana Wear	1,500	433	1,067
Ramps / launch	21,827	27,520	(5,693)
TOTAL CULTURE, RECREATION, AND EDUCATION	532,397	551,736	(19,339)
<u>CONSERVATION AND DEVELOPMENT</u>			
Promotion / tourism	102,432	87,870	14,562
Sales tax to state	29,500	41,332	(11,832)
Celebrations and entertainment	2,500	4,877	(2,377)
Plan commission	2,250	8,843	(6,593)
Lake use committee	5,000	4,750	250
Water pollution control	20,000	19,992	8
TOTAL CONSERVATION AND DEVELOPMENT	\$ 161,682	\$ 167,664	\$ (5,982)

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VILLAGE OF FONTANA-ON-GENEVA LAKE
DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>CAPITAL OUTLAY</u>			
Police	\$ 68,400	\$ 46,527	\$ 21,873
Fire protection	5,465	2,745	2,720
Emergency medical services	39,500	26,906	12,594
Emergency government	21,000	22,525	(1,525)
Building inspector	750	-	750
Piers	-	3,200	(3,200)
Library	-	660	(660)
Park commission	18,400	20,852	(2,452)
General buildings	-	20,449	(20,449)
TOTAL CAPITAL OUTLAY	153,515	143,864	9,651
<u>CONTINGENCY</u>	25,000	-	25,000
TOTAL EXPENDITURES	\$ 4,758,338	\$ 4,943,515	\$ (185,177)

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VILLAGE OF FONTANA-ON-GENEVA LAKE
PROPRIETARY FUND TYPE - ENTERPRISE FUND
SCHEDULE OF WATER UTILITY PLANT DETAIL
DECEMBER 31, 2018

	Balance Beginning	Additions	Retirements	Balance Ending
<u>SOURCE OF SUPPLY PLANT</u>				
Land and land rights	\$ 66,763	\$ -	\$ -	\$ 66,763
Wells and springs	797,268	-	-	797,268
TOTAL SOURCE OF SUPPLY PLANT	864,031	-	-	864,031
<u>PUMPING PLANT</u>				
Structures and improvements	951,404	-	-	951,404
Electric pumping equipment	514,601	-	-	514,601
Other pumping equipment	20,327	-	-	20,327
TOTAL PUMPING PLANT	1,486,332	-	-	1,486,332
<u>WATER TREATMENT PLANT</u>				
Structures and improvements	372,749	-	-	372,749
Water treatment equipment	450,989	49,210	(24,605)	475,594
TOTAL WATER TREATMENT PLANT	823,738	49,210	(24,605)	848,343
<u>TRANSMISSION AND DISTRIBUTION PLANT</u>				
Land and land rights	2,649	-	-	2,649
Structures and improvements	80,430	-	-	80,430
Distribution reservoirs and standpipes	588,511	-	-	588,511
Transmission and distribution mains	8,916,281	136,961	-	9,053,242
Fire mains	13,845	-	-	13,845
Services	1,198,607	6,100	-	1,204,707
Meters	454,650	31,075	(12,185)	473,540
Hydrants	1,154,070	22,119	(12,000)	1,164,189
Other transmission & distribution	22,465	-	-	22,465
TOTAL TRANSMISSION AND DISTRIBUTION PLANT	12,431,508	196,255	(24,185)	12,603,578
<u>GENERAL PLANT</u>				
Structures and improvements	31,833	-	-	31,833
Computer equipment and software	22,458	-	-	22,458
Office furniture and fixtures	31,531	-	-	31,531
SCADA equipment	46,663	-	-	46,663
Transportation equipment	236,083	-	-	236,083
Other general equipment	121,640	-	-	121,640
TOTAL GENERAL PLANT	490,208	-	-	490,208
TOTAL WATER UTILITY PLANT	\$ 16,095,817	\$ 245,465	\$ (48,790)	\$ 16,292,492

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VILLAGE OF FONTANA-ON-GENEVA LAKE
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 SCHEDULE OF SEWER UTILITY PLANT DETAIL
 DECEMBER 31, 2018

	Balance Beginning	Additions	Retirements	Balance Ending
<u>SEWER UTILITY PLANT</u>				
Land and land rights	\$ 5,500	\$ -	\$ -	\$ 5,500
Buildings and structures	1,941,563	-	-	1,941,563
Pumping station	850,976	-	-	850,976
Treatment and disposal equipment	489,496	-	-	489,496
Other plant equipment	75,430	-	-	75,430
Outfall sewer main	163,261	-	-	163,261
Collecting sewers	6,154,916	90,682	-	6,245,598
Service laterals	294,118	-	-	294,118
Pumping equipment for collecting station	1,802,504	-	-	1,802,504
Transportation equipment	221,854	-	-	221,854
Office equipment	47,499	-	-	47,499
Miscellaneous equipment	119,136	60,770	(30,385)	149,521
TOTAL SEWER UTILITY PLANT	\$ 12,166,253	\$ 151,452	\$ (30,385)	\$ 12,287,320

HISTORICAL AND OTHER
 SUPPLEMENTARY INFORMATION

VILLAGE OF FONTANA-ON-GENEVA LAKE
GENERAL REVENUES BY SOURCES (1)
LAST TEN YEARS

Year	Taxes	Inter-governmental	Regulation and Compliance	Public Charges	All Other General Revenue (2)	Totals
2009	\$ 4,169,346	\$ 569,045	\$ 243,131	\$ 469,787	\$ 2,100,013	\$ 7,551,322
2010	4,248,468	746,121	262,562	563,464	9,267,571	15,088,186
2011	4,016,041	689,766	243,554	544,812	160,064	5,654,237
2012	3,964,365	649,255	281,798	593,183	1,966,873	7,455,474
2013	4,302,373	567,364	323,662	495,769	355,799	6,044,967
2014	4,208,339	557,234	277,182	563,200	2,006,469	7,612,424
2015	4,498,023	535,462	367,980	616,557	7,959,465	13,977,487
2016	4,532,751	614,394	361,191	728,134	3,180,773	9,417,243
2017	4,743,022	508,873	422,409	736,027	2,560,604	8,970,935
2018	5,081,623	531,231	401,386	864,529	402,323	7,281,092

(1) Includes all governmental funds.

(2) Includes proceeds from nonutility long-term debt.

VILLAGE OF FONTANA-ON-GENEVA LAKE
GENERAL GOVERNMENT EXPENDITURES BY FUNCTIONS (1)
LAST TEN YEARS

Year	General Government and Contingency	Public Safety	Health and Human Services	Public Works	Culture Recreation and Education	Conservation and Development	Debt Service	Capital Outlay	Totals
2009	\$ 634,014	\$ 1,446,540	\$ 17,609	\$ 956,425	\$ 411,720	\$ 411,398	\$ 1,668,150	\$ 3,350,047	\$ 8,895,903
2010	503,268	1,447,716	872	872,774	426,632	84,589	1,691,811	961,433	5,989,095
2011	496,668	1,509,092	11,409	943,200	391,359	129,887	3,062,753	266,677	6,811,045
2012	509,901	1,462,126	2,984	932,333	434,291	95,594	1,955,622	1,093,355	6,486,206
2013	555,514	1,569,942	12,832	1,005,534	433,847	81,149	1,540,849	869,862	6,069,529
2014	518,706	1,702,446	15,302	1,126,736	448,575	125,679	1,560,056	1,147,825	6,645,325
2015	521,477	1,850,536	8,540	1,214,104	460,642	132,846	1,708,265	2,209,516	8,105,926
2016	506,813	2,151,486	9,344	1,045,563	534,386	133,994	1,819,414	2,331,426	8,532,426
2017	507,672	2,204,469	3,412	1,077,961	585,448	164,353	2,290,463	2,215,342	9,049,120
2018	530,210	2,339,702	15,110	1,200,387	551,736	167,664	1,899,993	709,451	7,414,253

(1) Includes all governmental funds.

VILLAGE OF FONTANA-ON-GENEVA LAKE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Total Percent of Levy Collected	Delinquent Tax Collected	Total Tax Collections	Collections As Percent of Current Levy
2009	\$ 17,331,305	\$ 17,330,303	99.99%	\$ 549	\$ 17,330,852	100.00%
2010	17,333,601	17,332,800	100.00%	1,628	17,334,428	100.00%
2011	17,252,648	17,199,640	99.69%	2,208	17,201,848	99.71%
2012	17,503,382	17,502,172	99.99%	619	17,502,791	100.00%
2013	17,355,795	17,354,766	99.99%	74	17,354,840	99.99%
2014	17,522,787	17,516,953	99.97%	5,321	17,522,274	100.00%
2015	16,977,200	16,976,262	99.99%	510	16,976,772	100.00%
2016	16,975,989	16,974,854	99.99%	131	16,974,985	99.99%
2017	17,183,180	17,182,342	100.00%	445	17,182,787	100.00%
2018	16,555,749	16,554,920	99.99%	665	16,555,585	100.00%

VILLAGE OF FONTANA-ON-GENEVA LAKE
 ASSESSED AND ESTIMATED ACTUAL VALUE (1) OF TAXABLE PROPERTY
 LAST TEN YEARS

Year	Real Property		Personal Property		Totals		Ratio of Total Assessed Value to Total Estimated Actual Value (1)
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2009	\$ 1,280,785,000	\$ 1,322,492,100	\$ 3,535,600	\$ 3,824,300	\$ 1,284,320,600	\$ 1,326,316,400	96.83%
2010	1,279,290,900	1,247,418,700	4,003,800	3,826,400	1,283,294,700	1,251,245,100	102.56%
2011	1,211,893,600	1,267,255,400	3,836,700	3,832,800	1,215,730,300	1,271,088,200	95.64%
2012	1,205,468,700	1,173,885,800	3,415,700	4,180,000	1,208,884,400	1,178,065,800	102.62%
2013	1,192,859,300	1,137,761,900	3,430,600	2,893,500	1,196,289,900	1,140,655,400	104.88%
2014	1,129,892,700	1,159,631,200	3,556,600	3,465,500	1,133,449,300	1,163,096,700	97.45%
2015	1,132,298,500	1,130,497,400	3,427,300	3,796,400	1,135,725,800	1,134,293,800	100.13%
2016	1,142,254,000	1,155,665,900	3,628,500	3,283,600	1,145,882,500	1,158,949,500	98.87%
2017	1,154,118,500	1,131,607,400	3,788,700	4,066,700	1,157,907,200	1,135,674,100	101.96%
2018	1,166,212,300	1,173,272,200	2,881,800	2,940,600	1,169,094,100	1,176,212,800	99.39%

(1) Equalized value as determined by the State of Wisconsin.

VILLAGE OF FONTANA-ON-GENEVA LAKE
RATIO OF NET GENERAL OBLIGATION LONG-TERM DEBT
TO ASSESSED VALUE AND EQUALIZED VALUE AND
LONG-TERM DEBT PER CAPITA
LAST TEN YEARS

Year	Population	Assessed Value	Equalized Value	General Obligation Long-Term Debt	Ratio of Long-Term Debt to Assessed Value	Ratio of Long-Term Debt to Equalized Value	Long-Term Debt Per Capita
2009	1,890	\$ 1,284,320,600	\$ 1,233,538,900	\$ 19,539,635	1.52%	1.58%	\$ 10,338
2010	1,890	1,283,294,700	1,251,245,100	25,870,795	2.02%	2.07%	13,688
2011	1,671	1,215,730,300	1,271,088,200	23,071,180	1.90%	1.82%	13,807
2012	1,674	1,208,884,400	1,178,065,800	25,858,929	2.14%	2.20%	15,447
2013	1,671	1,196,289,900	1,140,655,400	24,515,167	2.05%	2.15%	14,671
2014	1,678	1,133,449,300	1,163,096,700	27,547,997	2.43%	2.37%	16,417
2015	1,676	1,135,725,800	1,134,293,800	28,327,981	2.49%	2.50%	16,902
2016	1,677	1,145,882,500	1,158,949,500	29,300,490	2.56%	2.53%	17,472
2017	1,677	1,157,907,200	1,135,674,100	31,308,166	2.70%	2.76%	18,669
2018	1,695	1,169,094,100	1,176,212,800	29,538,566	2.53%	2.51%	17,426.88

VILLAGE OF FONTANA-ON-GENEVA LAKE
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population (3)	Per Return Adjusted Gross Income (1)	Unemployment Rate - Walworth County (2)
2009	1,890	\$ 64,392	9.0%
2010	1,890	66,747	7.6%
2011	1,671	68,840	7.0%
2012	1,674	80,150	7.0%
2013	1,671	79,850	6.2%
2014	1,678	93,240	5.2%
2015	1,676	106,070	4.4%
2016	1,677	99,178	3.6%
2017	1,677	100,937	3.6%
2018	1,695	Unavailable	2.9%

(1) Per return adjusted gross income statistics provided by Wisconsin Department of Revenue.

(2) Walworth County unemployment rates provided by Wisconsin Department of Workforce Development (Office of Research and Analysis).

(3) Population provided by Wisconsin Department of Administration.

VILLAGE OF FONTANA-ON-GENEVA LAKE
PRINCIPAL TAXPAYERS (1)

Name	Type of Taxpayer	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Mecum Trust	Residential	\$ 7,625,700	0.65%
Dean Buntrock	Residential	6,656,900	0.57%
Gregg Kunes	Residential	6,581,400	0.56%
Belvidere Park Association	Residential/Association	5,858,500	0.50%
Kenneth E. Wegner Family Trust	Residential	5,301,700	0.45%
Harvard Club	Residential/Association	5,227,000	0.45%
Grace Newton/David Weinberg	Residential	5,188,200	0.44%
Trudy Havens	Residential	5,151,600	0.44%
Peter Wright	Residential	4,862,100	0.42%
Fontana Holding Co. Inc.	Residential/Business	4,858,300	0.42%
		<u>\$ 57,311,400</u>	4.90%

(1) Information provided from the Village's 2018 assessment roll.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

January __, 2020

Village of Fontana-on-Geneva Lake
175 Valley View Drive
Fontana, Wisconsin 53125

Subject: \$10,265,000
Village of Fontana-on-Geneva Lake, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2020A

We have acted as bond counsel to the Village of Fontana-on-Geneva Lake, Wisconsin (the “**Issuer**”) in connection with the issuance of its \$10,265,000 General Obligation Corporate Purpose Bonds, Series 2020A, dated January 30, 2020 (the “**Obligations**”).

We examined the law, a certified copy of the proceedings relating to the issuance of the Obligations, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Obligations are valid and binding general obligations of the Issuer.
2. All taxable property in the Issuer’s territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Obligations. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Obligations except to the extent that the Issuer has deposited other funds, or there is otherwise surplus money, in the account within the debt service fund created for the Obligations under Wisconsin law.
3. Interest on the Obligations is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Issuer must comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied after the Obligations are issued for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has agreed to comply with those requirements. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Obligations were issued. We express no opinion about other federal tax law consequences relating to the Obligations.



FOLEY & LARDNER LLP

January __, 2020

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The rights of the owners of the Obligations and the enforceability of the Obligations 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 an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Obligations.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In acting as bond counsel, we have established an attorney-client relationship only with the Issuer.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (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 maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
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 S&P Global Ratings 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 a maturity 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. Principal and interest 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 Fiscal 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, Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Fiscal 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. 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.
10. 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.
11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

(See following pages)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of January 30, 2020 (this “**Disclosure Agreement**”), is executed and delivered by the Village of Fontana-on-Geneva Lake, Wisconsin (the “**Issuer**”), a municipal securities issuer and a governmental entity located in the State of Wisconsin. The Issuer covenants and agrees as follows:

Section 1. Definitions.

The following capitalized terms have the following meanings:

“**Annual Financial Information**” means the Issuer’s financial information or operating data, for the preceding fiscal year, of the type included in the Final Official Statement as further described in Section 3(b) hereof.

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Dissemination Agent**” means any agent responsible for assisting the Issuer in carrying out its obligations under this Disclosure Agreement, which has been designated as a dissemination agent in writing by the Issuer, and has filed with the Issuer a written acceptance of such designation, and the successors and assigns of such dissemination agent.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

“**Event Notice**” means a notice of occurrence of a Listed Event provided under Section 4(b) hereof or a notice provided under Sections 3(d), 4(c), or 8 hereof, each of which shall be transmitted as described in Section 5 hereof.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Final Official Statement**” means the offering document prepared and distributed to a Participating Underwriter in connection with the primary offering of the Obligations.

“**Financial Obligation**” means (i) a debt obligation, (ii) a 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) a guarantee of clause (i) or (ii) of this definition. 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.

“**Issuer**” means the municipal securities issuer named above.

“**Listed Event**” means any of the events listed in Section 4(a) of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, which serves as the sole repository for all required filings of all secondary market disclosures under the Rule.

“**Obligations**” means the Issuer’s \$10,265,000 General Obligation Corporate Purpose Bonds, Series 2020A, dated January 30, 2020.

“**Owners**” means the beneficial owners from time to time of the Obligations.

“**Participating Underwriter**” means any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in a primary offering of the Obligations.

“**Resolution**” means collectively, the resolutions adopted by the governing body of the Issuer on December 9, 2019 and on January 9, 2020, pursuant to which the Obligations are issued.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

Section 2. Purpose of this Disclosure Agreement.

The purpose of this Disclosure Agreement is to assist a Participating Underwriter in complying with the Rule when acting as an underwriter in the primary offering of the Obligations.

Section 3. Annual Financial Information.

- (a) The Issuer shall submit its Annual Financial Information to the MSRB on or before the last day of the ninth month following the close of the Issuer’s fiscal year (currently December 31), beginning September 30, 2020.
- (b) The Annual Financial Information will consist of (i) the Issuer’s audited annual financial statements prepared using generally accepted accounting principles, and (ii) the following operating data:
 - 1. current property valuations,
 - 2. direct debt,
 - 3. debt limit, and
 - 4. tax levies and collections.
- (c) If the Issuer’s audited annual financial statements are not available on the date the Annual Financial Information is due to be submitted, then the Issuer shall submit the statements to the MSRB within ten business days after they are publicly available.

- (d) If the Issuer fails to submit its Annual Financial Information to the MSRB by the date required in subsection (a) above, then the Issuer shall promptly send an Event Notice of such failure to the MSRB.

Section 4. Reporting of Listed Events; Event Notices.

- (a) This Section 4 shall govern the submission of an Event Notice after the occurrence of any of the following Listed Events with respect to the Obligations:
1. Principal and interest payment delinquencies.
 2. Non-payment related defaults, if material under the Exchange Act.
 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 Obligations, or other material events affecting the tax status of the Obligations.
 7. Modifications to rights of Owners, if material under the Exchange Act.
 8. Redemptions of the Obligations, if material under the Exchange Act, and tender offers.
 9. Defeasances.
 10. Release, substitution, or sale of property securing repayment of the Obligations, if material under the Exchange Act.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership, or similar event of the Issuer (for the purposes of this event, 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 the assets or business of the Issuer).

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all 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 under the Exchange Act.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material under the Exchange Act.
 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 Owners of the Obligations, if material.
 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.
- (b) The Issuer shall submit an Event Notice to the MSRB within ten business days after the occurrence of any Listed Event.
- (c) If the Issuer determines that it failed to submit an Event Notice of an occurrence of a Listed Event as required by subsection (b) above, then it shall promptly submit an Event Notice with respect to such occurrence to the MSRB.

Section 5. Transmittal of Annual Financial Information and Event Notices.

Annual Financial Information and Event Notices shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB requires that all submissions of secondary disclosure be made through EMMA. The Annual Financial Information may be submitted as a single document or as a package comprising separate documents. Any or all the items constituting the Annual Financial Information may be incorporated by reference from other documents available to the public on the MSRB's internet website or filed with the Commission. The Issuer shall clearly identify each document that is incorporated by reference.

Section 6. Duty to Confirm MSRB's Filing Format and Procedure.

The Issuer shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information for submissions. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's internet website at www.emma.msrb.org.

Section 7. Termination of Disclosure Agreement and Reporting Obligation.

This Disclosure Agreement and the Issuer's disclosure obligations under this Disclosure Agreement with respect to the Obligations shall terminate upon the legal defeasance (if applicable), prior redemption, or payment in full of all the Obligations or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

- (a) 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 an obligated person, or the type of business conducted;
- (b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule on the date of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of Owners, as determined either by parties unaffiliated with the Issuer (such as the fiscal agent, trustee, or bond counsel), or by approving vote of the Owners pursuant to the terms of the Resolution at the time of the amendment.

In the event this Disclosure Agreement 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 Financial Information 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 Financial Information 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. Dissemination Agent.

The Issuer may, from time to time, appoint or engage a Dissemination Agent and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Additional Information.

The Issuer may, from time to time, choose to disseminate other information, using the means of transmittal set forth in Section 5 hereof or any other means of communication, or to include other information with its Annual Financial Information or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information with its Annual Financial Information or Event Notice in addition to that which is specifically required by this Disclosure Agreement, then the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

Section 11. Default.

The sole remedy of the Owners under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries.

The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Owners, and shall create no rights in any other person or entity.

Section 13. Recordkeeping.

The Issuer shall maintain records of all Annual Financial Information and Event Notices submitted to the MSRB pursuant to this Disclosure Agreement, including the content and the date of filing of such submissions, until the last Obligation has been retired.

Section 14. Responsible Officer.

The Issuer's Treasurer shall be the officer, representative, agency, or agent of the Issuer ultimately responsible for submitting Annual Financial Information and Event Notices to the MSRB, to the extent required hereunder, regardless of whether a Dissemination Agent has been appointed. Any inquiries regarding this Disclosure Agreement should be directed to:

Attention: Village Treasurer
Village of Fontana
175 Valley View Drive

Fontana, Wisconsin 53125
Telephone: (262) 275-6139
Fax: (262) 275-8088
Email: scott@villageoffontana.com

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Agreement to be executed by its duly authorized officer or representative as of the date written above.

VILLAGE OF FONTANA-ON-GENEVA LAKE,
WISCONSIN, Issuer

By: _____
Title: Treasurer

NOTICE OF SALE

\$10,265,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A VILLAGE OF FONTANA-ON-GENEVA LAKE, WISCONSIN

Bids for the purchase of \$10,265,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") of the Village of Fontana-on-Geneva Lake, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on January 9, 2020 (the "Sale Date"), at which time they will be opened, read and tabulated. The bids will be presented to the Village Board for consideration for award by resolution (the "Award Resolution") at a meeting to be held at 5:15 P.M., Central Time, on the Sale Date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, to finance sewerage improvements, including, but not limited to, storm sewer and sanitary sewer improvements; street improvements; and water system improvements, including, but not limited to, the replacement of water mains and construction, extensions, and improvements to the water system. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated January 30, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$290,000	2028	\$510,000	2035	\$605,000
2022	460,000	2029	525,000	2036	625,000
2023	470,000	2030	535,000	2037	645,000
2024	475,000	2031	555,000	2038	660,000
2025	490,000	2032	565,000	2039	680,000
2026	495,000	2033	580,000		
2027	505,000	2034	595,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

FISCAL AGENT

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

OPTIONAL REDEMPTION

The Bonds maturing on and after April 1, 2030 shall be subject to optional redemption prior to maturity on April 1, 2029 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part. If redemption is in part, then the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Fiscal Agent 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 redemption shall be sent by first-class mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Bonds which have been called for redemption.

DELIVERY

On or about January 30, 2020 (the "Closing Date"), the Bonds will be delivered without cost to the winning bidder at DTC. On the Closing Date, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, a tax certificate, and a certificate verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the Closing Date in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Foley & Lardner LLP, Bond Counsel to the Village, and will be available on the date of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). The Legal Opinion is in substantially the form attached as Appendix B to the Preliminary Official Statement.

SUBMISSION OF BIDS

Bids must not be for less than \$10,136,688 nor more than \$10,880,900 plus accrued interest on the principal sum of \$10,265,000 from date of original issue of the Bonds to date of delivery. Prior to the time on the Sale Date established above for the opening of bids, interested parties may submit a bid as follows:

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

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

A good faith deposit in the amount of \$205,300 ("Deposit") shall be made by the winning bidder by wire transfer. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time on the Sale Date. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer has been 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 Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the winning bidder fails to comply therewith.

The Village and the winning bidder hereby irrevocably agree that Ehlers shall hold the Deposit in escrow subject only to the following conditions and duties: 1) All income earned thereon shall be retained by Ehlers 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 on the Closing Date; 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 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.

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

AWARD

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

BOND INSURANCE

A policy of municipal bond insurance or commitment therefor may be purchased at the option of the winning bidder, provided that the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole expense of the winning bidder. In the event an insurance policy is purchased for the Bonds, the winning bidder shall also be responsible for ascertaining whether or not the municipal bond insurer requires specific language with respect to the insurer and the insurance policy to be included in the Award Resolution. The winning bidder shall provide, or cause the insurer to provide, any such required language to bond counsel no later than 1:00 p.m. Central Time on the Sale Date. Any increased costs of issuance for the Bonds resulting from the purchase of bond insurance shall be paid by the winning bidder, except that, if the City has requested and received a rating on the Bonds from a rating agency, then the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the winning bidder.

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an agreement for the benefit of the owners of the Bonds. The agreement is in substantially the form set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

ESTABLISHMENT OF ISSUE PRICE PRIOR TO CLOSING

The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, and compliance with the representations and covenants below, and identifying all underwriters for purposes of the issue price rules.

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

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

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

In the event that the competitive sale requirements are not satisfied, the Village shall so advise the winning bidder. In that event, the winning bidder shall be required to elect at the time of the acceptance of the bid whether to comply with its Bonds to assist the Village in establishing the “issue price” of the Bonds on the basis of the “general rule” or on the basis of the “hold-the-offering price” rule, as further described below. If the winning bidder makes no express election, it shall be treated as having elected to apply the “general rule”.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to either the “general rule” or the “hold-the-offering price” rule, as applicable, to establish the issue price of the Bonds.

For purposes of the agreements and representations of the underwriters, the “**10 percent test**” is met when the first 10% of a maturity is first sold to the public at a single price. The winning bidder shall advise the Village if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The winning bidder shall also promptly advise the Village, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the “general rule” and which shall be subject to the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**general rule**”, the Village intends treat the first price at which 10% of a maturity of the Bonds is sold to the public as the issue price of that maturity, applied on a

maturity-by-maturity basis. The Village, however, may in its sole discretion choose to apply one or more different interpretations of the issue price rule for purposes of its federal income tax compliance (for example, by averaging the prices at which the first 10% is sold). Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Village and to its financial advisor the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold. If such election is made, the Village will not require bidders to comply with the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**hold-the-offering-price rule**”, the Village may determine to treat (i) the first price at which 10% of a maturity of the Bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, in each case applied on a maturity-by-maturity basis.

By electing the hold-the-offering-price rule, the winning bidder (i) agrees to confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) agrees, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

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

The winning bidder shall promptly advise the Village and its financial advisor when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

The Village acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires and representations relating to actual sales, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires and representations relating to actual sales, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires, and representations relating to actual sales.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (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 relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (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 or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this section of the Notice of Sale:

(i) **“public”** means any person (including any individual, trust, estate, partnership, association or corporation) other than an underwriter or a related party,

(ii) **“underwriter”** means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

(iii) a winning bidder of any of the Bonds is a **“related party”** to an underwriter if the underwriter and the winning bidder are subject, directly or indirectly, to (A) at least 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) **“maturity”** means each maturity of substantially identical Bonds. For this purpose, Bonds are not treated as substantially identical if they have different credit or payment terms. For example, Bonds having the same nominal maturity are not treated as having the same “maturity” for this purpose if they have different interest rates.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain the Preliminary Official Statement relating to the Bonds prior to the bid opening from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The representative of the winning bidder will be provided with an electronic version of the Final Official Statement within seven business days of the bid acceptance. Up to 10 paper copies of the Final Official Statement will be provided upon request. Additional paper 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 Village Board

Theresa Loomer, Administrator/Clerk
Village of Fontana-on-Geneva Lake, Wisconsin

BID FORM

The Village Board
Village of Fontana-on-Geneva Lake, Wisconsin

January 9, 2020

RE: \$10,265,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds")
DATED: January 30, 2020

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Book-Entry-Only System as stated in this Official Statement, we will pay you \$_____ (not less than \$10,136,688 nor more than \$10,880,900) plus accrued interest, if any, to date of delivery for fully registered Bonds bearing interest at the rates and maturing on April 1 in the following years:

_____ % due 2021	_____ % due 2028	_____ % due 2035
_____ % due 2022	_____ % due 2029	_____ % due 2036
_____ % due 2023	_____ % due 2030	_____ % due 2037
_____ % due 2024	_____ % due 2031	_____ % due 2038
_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	
_____ % due 2027	_____ % due 2034	

* The Village reserves the right to increase or decrease the principal amount of the Bonds on the Sale Date, 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.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit in the amount of \$205,300 ("Deposit") shall be made by the winning bidder by wire transfer. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time on the Sale Date. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer has been 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 Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the winning bidder fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., to hold the Deposit in escrow, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about January 30, 2020.

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

We have received and reviewed the Preliminary Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the Village with the information necessary for establishment of issue price by the time described in the Notice of Sale.

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

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

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from January 30, 2020 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Village Board of the Village of Fontana-on-Geneva Lake, Wisconsin, on January 9, 2020.

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