

PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2018

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

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

Non-Rated

VILLAGE OF MAZOMANIE, WISCONSIN (Dane County)

\$4,045,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

BID OPENING: May 8, 2018, 10:00 A.M., C.T.

CONSIDERATION: May 8, 2018, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,045,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") of the Village of Mazomanie, Wisconsin (the "Village") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, library projects, sewerage projects, consisting of storm sewer improvements, acquiring equipment for fire protection and parks and public grounds projects and for the purpose of current refunding certain outstanding obligations of the Village as more fully described herein. The Bonds are valid and binding 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 Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: May 30, 2018

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$235,000	2026	\$135,000	2033	\$180,000
2020	290,000	2027	145,000	2034	150,000
2021	365,000	2028	150,000	2035	160,000
2022	320,000	2029	155,000	2036	170,000
2023	320,000	2030	165,000	2037	105,000
2024	325,000	2031	165,000		
2025	340,000	2032	170,000		

***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: May 1, 2019 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on May 1, 2027 and thereafter are subject to call for prior optional redemption on May 1, 2026 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$4,000,505.

MAXIMUM BID: \$4,287,700.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$80,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL & DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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



REPRESENTATIONS

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. 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. prepared this Preliminary Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles and Brady LLP will serve as Disclosure Counsel to the Village with respect to the Bonds. Compensation of Ehlers & Associates, Inc., 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 underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the 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 certificate setting forth facts and expectations of the Village which indicates 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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BOARD OF TRUSTEES

		<u>Term Expires</u>
Gary Harrop	President	April 2019
Natalie Beil	Trustee	April 2020
Jeff Dyreson	Trustee	April 2019
Kevin Graham	Trustee	April 2019
Les Sander	Trustee	April 2019
Ray Schlamp	Trustee	April 2020
Jeri Springstead	Trustee	April 2020

ADMINISTRATION

Peter Huebner, Administrator¹
Susan Dietzen, Clerk/Treasurer
Tara Roessler, Deputy Clerk/Treasurer

PROFESSIONAL SERVICES

William Cole, Village Attorney, Madison, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

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

¹ Peter Huebner was hired as Village Administrator in early 2017 after previously serving as Village President. The Village had not had an Administrator position prior to Mr. Huebner's hiring. Under the Wisconsin Statutes, a village board member is not eligible for any position created during that person's term. Further, under the Wisconsin Statutes, it is illegal for any public officer to negotiate or enter into a contract in which that person has a private pecuniary interest. Effective November 21, 2017, Mr. Huebner resigned his position as Administrator due to concerns over his eligibility for the position. On November 28, 2017, the Village Board re-hired Mr. Huebner as Administrator. The Dane County District Attorney's office is reviewing whether these actions violated Wisconsin Statutes. No representation can be made regarding the ultimate outcome of such investigation.

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Mazomanie, Wisconsin (the "Village") and the issuance of its \$4,045,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Village Board on May 8, 2018.

Inquiries may be directed to Ehlers & 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 link to the Bond Sales and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 30, 2018. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **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 2019 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 the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after May 1, 2027 shall be subject to optional redemption prior to maturity on May 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, library projects, sewerage projects, consisting of storm sewer improvements, acquiring equipment for fire protection and parks and public grounds projects and for the purpose of current refunding the Village’s General Obligation Corporate Purpose Bonds, Series 2009, dated June 30, 2009 (the “2009 Bonds”), the General Obligation Promissory Note, dated February 16, 2016 (the “2016A Note”), the General Obligation Promissory Note, dated December 20, 2016 (the "2016B Note") and the General Obligation Promissory Note, dated May 2, 2017 (the "2017 Note") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 578848
2009 Bonds	06/30/09	06/14/18	Par	2019	4.10%	\$175,000	CR2
				2020	4.25%	180,000	CS0
				2021	4.40%	190,000	CT8
				2022	4.50%	200,000	CU5
				2023	4.60%	195,000	CV3
				2024	4.70%	200,000	CW1
				2025	4.80%	<u>205,000</u>	CX9
Total 2009 Bonds Being Refunded						<u>\$1,345,000</u>	

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
2016A Note	02/16/16	06/14/18	Par	2019	1.91%	\$26,431
				2020	1.91%	26,936
				2021	1.91%	27,451
				2022	1.91%	27,975
				2023	1.91%	28,509
				2024	1.91%	29,053
				2025	1.91%	29,609
2026	1.91%	<u>252,648</u>				
Total 2016A Note Being Refunded						<u>\$448,613</u>

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
2016B Note	12/20/16	06/14/18	Par	2018	2.16%	<u>\$550,000</u>
Total 2016B Note Being Refunded						<u>\$550,000</u>

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
2017 Note	05/02/17	06/14/18	Par	2019	1.97%	<u>\$500,000</u>
Total 2017 Note Being Refunded						<u>\$500,000</u>

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$4,045,000	
Transfer from Prior Issue Debt Service Funds	60,395	
Estimated Interest Earnings	<u>1,685</u>	
Total Sources		\$4,107,080

Uses

Project Costs	\$2,651,330	
Deposit to Refunding Fund	1,377,378	
Estimated Underwriter's Discount	44,495	
Finance Related Expenses	31,675	
Capitalized Interest	<u>2,202</u>	
Total Uses		\$4,107,080

*Preliminary, subject to change

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the Village will be irrevocably pledged. The Village will levy a direct, annual, irrevocable 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

None of the outstanding indebtedness of the Village is currently rated, and the Village has not requested a rating on the Bonds. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the Village.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the Village shall covenant to take certain actions pursuant to the Award Resolution adopted by the Village Board by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the Village to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for the Bonds are set forth in Appendix D to be executed and delivered by the Village at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

The Village's net revenues of the Waterworks and Electric System did not meet the 125% debt service coverage required by its bond resolutions for the fiscal year ended December 31, 2013 and the Village did not timely file a notice of such deficiency. Except to the extent that the preceding is deemed to be material, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

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

The Village will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the Village.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the 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 hereto as Appendix B.)

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

Original Issue Discount

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

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

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

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018.

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

Bond Premium

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

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

The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the 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, 2016 have been audited by Johnson Block & Company, Inc., Mineral Point, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

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

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.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the 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 Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

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

2017 Equalized Value	\$156,412,500
2017 Equalized Value Reduced by Tax Increment Valuation	\$143,234,900
2017 Assessed Value	\$158,452,500

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 103,981,100	66.479%
Commercial	23,768,100	15.196%
Manufacturing	23,002,800	14.707%
Agricultural	66,100	0.042%
Undeveloped	17,700	0.011%
Ag Forest	1,800	0.001%
Forest	119,000	0.076%
Other	488,200	0.312%
Personal Property	4,967,700	3.176%
Total	<u>\$ 156,412,500</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2013	\$ 150,458,300	\$ 143,244,100	-1.71%
2014	152,535,600	145,997,900	1.92%
2015	155,933,100	152,035,600	4.14%
2016	159,182,600	156,306,700	2.81%
2017	158,452,500	156,412,500	0.07%

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	2017 Equalized Value¹	Percent of Village's Total Equalized Value
Electronic Theater Control	Theater Lighting	\$ 9,425,282	6.03%
Cardinal Glass	Glass Manufacturing	6,402,887	4.09%
DET, LLC (Plastic Ingenuity)	Plastic Molding	5,887,368	3.76%
ROS No. 14 LLC	Distribution	4,054,707	2.59%
JFW Holdings (Wick Bldg.)	Pole Bldg. Manufacturing	2,453,912	1.57%
People's Comm. Bank	Bank	1,522,820	0.97%
TKSK Enterprises	Apartment Buildings	1,159,917	0.74%
Mazo Storage	Storage Units	888,622	0.57%
Mazo Downtown Revitalization	Residential/Commercial	787,598	0.50%
Individual	Rentals	781,026	0.50%
Total		\$ 33,364,139	21.33%
Village's Total 2017 Equalized Value ²		\$156,412,500	

Source: The Village.

¹ Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt* (includes the Bonds)	<u>\$ 4,648,286</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by waterworks and electric revenues* (includes the Concurrent Obligations, as defined herein)	<u>\$ 4,425,000</u>
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Total revenue debt secured by sewer revenues	<u>\$ 296,757</u>
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*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds and excludes the obligations being refunded by the Bonds.

Village of Mazomanie, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt
(As of May 30, 2018)

Dated Amount	GO Corp Purp Bonds Series 2009		GO Prom Notes		GO Prom Note		GO Prom Note		GO Prom Note		GO Corp Purp Bonds Series 2018A		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal						
2018	6/30/2009	\$2,400,000	6/29/2010	\$935,000	11/12/2013	\$32,970	2/20/2015	\$126,483	1/12/2018	\$60,000	5/30/2018	\$4,045,000*	256,594	41,993	298,587	4,391,692	5.52%	2018
2019			6/1	85,000	6/1	6,594	2/20	12,170	1/12	11,357	5/1		353,527	175,188	528,715	4,038,165	13.13%	2019
2020				95,000			12,468	12,468	11,670	1,655			414,138	115,939	530,077	3,624,027	22.04%	2020
2021				100,000			12,768	12,768	11,870	1,341			389,757	106,397	496,154	3,234,271	30.42%	2021
2022							13,084	13,084	12,322	1,022			320,000	97,800	417,800	2,816,471	27.85%	2022
2023							13,404	13,404	12,662	349			320,000	87,945	407,945	2,408,526	23.20%	2023
2024							13,732	13,732	14,066				325,000	80,318	405,318	2,083,158	18.03%	2024
2025							14,066	14,066					340,000	71,003	411,003	1,742,155	15.53%	2025
2026													135,000	64,025	199,025	1,547,130	13.55%	2026
2027													145,000	59,856	204,856	1,399,274	12.23%	2027
2028													150,000	55,245	205,245	1,244,029	10.84%	2028
2029													155,000	50,249	205,249	1,088,780	9.29%	2029
2030													165,000	44,806	209,806	918,974	8.29%	2030
2031													165,000	39,031	204,031	754,943	6.77%	2031
2032													170,000	33,000	203,000	581,943	5.19%	2032
2033													180,000	26,523	206,523	375,420	3.06%	2033
2034													150,000	20,260	170,260	205,160	1.66%	2034
2035													160,000	14,213	174,213	107,947	0.87%	2035
2036													170,000	7,653	177,653	100,294	0.80%	2036
2037													105,000	2,126	107,126	0	0.00%	2037
													4,648,286	1,194,925	5,843,211			

* Preliminary, subject to change

Village of Mazomanie, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Waterworks and Electric Revenues
(As of May 30, 2018)

Waterworks & Elec **Waterworks & Elec** **Waterworks & Elec**
Sys Rev Bds **Sys Rev Ref Bds** **Sys Rev Bds**
Series 2016A **Series 2016B**

Fiscal Year Ending	Dated Amount	6/30/2009		12/15/2016		5/30/2018		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid	Year
		Principal	Interest	Principal	Interest	Principal*	Interest*						
		8/1		8/1		8/1							
2018		200,000	8,750	40,000 (1)	29,774	75,000	57,089	240,000	38,524	278,524	4,185,000	5.42%	2018
2019		200,000	9,000	40,000 (1)	58,948	85,000	47,505	315,000	125,037	440,037	3,870,000	12.54%	2019
2020				250,000	58,348	85,000	45,805	335,000	105,853	440,853	3,535,000	20.11%	2020
2021				250,000	54,098	85,000	43,893	335,000	99,903	434,903	3,200,000	27.68%	2021
2022				250,000	49,473	85,000	41,768	335,000	93,365	428,365	2,865,000	35.25%	2022
2023				245,000	44,473	85,000	39,430	330,000	86,240	416,240	2,535,000	42.71%	2023
2024				245,000	39,205	90,000	36,730	335,000	78,635	413,635	2,200,000	50.28%	2024
2025				245,000	33,570	95,000	33,738	340,000	70,300	410,300	1,860,000	57.97%	2025
2026				245,000	27,568	95,000	30,603	340,000	61,305	401,305	1,520,000	65.65%	2026
2027				245,000	21,198	100,000	27,153	345,000	51,800	396,800	1,175,000	73.45%	2027
2028				240,000	14,460	105,000	23,373	345,000	41,613	386,613	830,000	81.24%	2028
2029				250,000	7,500	105,000	19,435	355,000	30,873	385,873	475,000	89.27%	2029
2030						115,000	14,950	115,000	19,435	134,435	360,000	91.86%	2030
2031						115,000	14,950	115,000	14,950	129,950	245,000	94.46%	2031
2032						120,000	10,293	120,000	10,293	130,293	125,000	97.18%	2032
2033						125,000	5,313	125,000	5,313	130,313	0	100.00%	2033
		400,000	17,750	2,545,000	438,611	1,480,000	477,074	4,425,000	933,436	5,358,436			

(1) Mandatory redemption amounts.

* Preliminary, subject to change.

**Village of Mazomanie, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of May 30, 2018)**

**Clean Water
Fund Loan**

Dated Amount	8/11/2000 \$4,552,866							
Maturity RATE	5/1							
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
2018		3,917	296,757	3,917	300,674	296,757	0.00%	2018
2019		3,917	296,757	3,917	300,674	0	100.00%	2019
		7,834	296,757	7,834	304,591			

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	\$ 156,412,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 7,820,625
Less: General Obligation Debt*	<u>(4,648,286)</u>
Unused Debt Limit*	<u><u>\$ 3,172,339</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$ 60,784,157,550	0.2573%	\$354,740,000	\$ 912,746
Wisconsin Heights School District	692,883,169	22.5742%	143,000	32,281
Madison Area Technical College District	83,702,047,239	0.1869%	158,495,000	<u>296,227</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 1,241,254</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.

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 \$156,412,500	Debt/ Per Capita 1,663¹
Total General Obligation Debt*	\$ 4,648,286	2.97%	\$ 2,795.12
Village's Share of Total Overlapping Debt	<u>1,241,254</u>	<u>0.79%</u>	<u>746.39</u>
Total*	\$ 5,889,540	3.77%	\$ 3,541.52

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Concurrently with the Bonds, the Village expects to issue \$1,480,000* Waterworks System and Electric System Revenue Bonds, Series 2018B (the "Concurrent Obligations"). Aside from the preceding, the Village has no current plans for additional financing in the next 12 months.

*Preliminary, subject to change.

¹ Estimated 2017 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
2013/14	\$1,062,752	100%	\$7.96
2014/15	1,042,058	100%	7.81
2015/16	1,067,600	100%	7.57
2016/17	1,098,396	100%	7.70
2017/18	1,114,548	[- - - - - In process - - - - -]	7.78

Property tax statements are distributed to taxpayers by the town, village, and city clerks 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
2013/14	\$13.32	\$3.12	\$7.96	\$0.18	\$24.58
2014/15	12.35	3.12	7.81	0.18	23.46
2015/16	12.98	3.15	7.57	0.18	23.88
2016/17	12.89	3.12	7.70	0.19	23.90
2017/18	12.44	3.14	7.78	0.00	23.36

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

LEVY LIMITS

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

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

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.

or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

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

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1885 and is governed by a seven-member Village Board, of which the President is a voting member. All Trustees are elected to staggered two-year terms. The appointed Village Clerk/Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of seven full-time, five part-time, and two 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 generally are required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. The total retirement plan contributions (including both the Village's and the employees' contributions) for the fiscal year ended December 31, 2014 were \$33,381. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015") and the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$16,691 and \$19,531 respectively.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

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

As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 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 2016, the Village reported a liability of \$29,127 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2015 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 0.00179248% of the aggregate WRS net pension liability as of December 31, 2015.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 6 in "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.

As a result of the 2011 amendments to 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 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.

There are currently no collective bargaining units that represent Village employees.

OTHER POST EMPLOYMENT BENEFITS

The Village provides post-employment health insurance benefits for all eligible employees. Employees may convert accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. Funding for those costs is provided out of the current operating budget of the general fund and proprietary funds. At December 31, 2016, there were three individuals eligible to receive these benefits. There were \$13,276 in expenditures for Fiscal Year 2016. The amount to be used for future premiums is \$44,606 and has been included in the compensated absences liability on the government-wide statement of net position.

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 (a) 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; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. 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 holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders 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 holders of the Bonds would not occur.

FUNDS ON HAND (as of March 31, 2018)

Fund	Total Cash and Investments
General Fund Checking Account	\$ 822,479
Electric Checking Account	151,245
Water Checking Account	202,022
Revolving Loan Account	49,684
Municipal Court Account	8,873
Sewer Checking Account	90,486
CDBG-ED Revolving Loan Account	38,243
Cemetery Account	47,290
Public Benefits Fees (Assistance)	448
Public Benefits Fees (Conservation)	28,717
TIF Funds	146,948
Alliant Refund Account	273
Westland Promenade Checking Account	3,867
PARC Grant Account	6,939
Stormwater Utility	53,879
Payment in Lieu of Parkland	14,689
Park Donation Account	2,666
Utility Bond Checking	205,032
1987 Water and Sewer Special Redemption Fund	2,794
Bond Proceeds G.O.	334,369
Bond Proceeds Utilities	484,856
CDARS Bond Reserve Account	65,379
CDARS Utility Bond Reserve	256,943
LGIP Public Facilities Account	561
Total Funds on Hand	<u><u>\$ 3,018,681</u></u>

ENTERPRISE FUNDS

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

	Audited 2015	Audited 2016	Unaudited 2017
Waterworks			
Total Operating Revenues	\$ 363,657	\$ 360,631	\$ 370,153
Less: Operating Expenses	<u>(208,305)</u>	<u>(220,388)</u>	<u>(225,420)</u>
Operating Income	\$ 155,352	\$ 140,243	\$ 144,733
Plus: Depreciation	74,419	74,952	77,115
Interest Income	3,172	1,866	2,829
Capital Contributions	<u>200</u>	<u>495</u>	<u>2,858</u>
Revenues Available for Debt Service	<u><u>\$ 233,143</u></u>	<u><u>\$ 217,556</u></u>	<u><u>\$ 227,535</u></u>
Electric			
Total Operating Revenues	\$ 3,496,345	\$ 3,928,814	\$ 4,096,603
Less: Operating Expenses	<u>(3,480,432)</u>	<u>(3,640,751)</u>	<u>(3,941,459)</u>
Operating Income	\$ 15,913	\$ 288,063	\$ 155,144
Plus: Depreciation	315,677	320,273	324,069
Interest Income	2,060	3,314	6,993
Capital Contributions	<u>69,046</u>	<u>10,691</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ 402,696</u></u>	<u><u>\$ 622,341</u></u>	<u><u>\$ 486,206</u></u>
Sewer			
Total Operating Revenues	\$ 604,187	\$ 644,605	\$ 652,337
Less: Operating Expenses	<u>(541,056)</u>	<u>(618,872)</u>	<u>(554,991)</u>
Operating Income	\$ 63,131	\$ 25,733	\$ 97,346
Plus: Depreciation	40,129	40,129	40,299
Interest Income	<u>32,573</u>	<u>25,479</u>	<u>18,340</u>
Revenues Available for Debt Service	<u><u>\$ 135,833</u></u>	<u><u>\$ 91,341</u></u>	<u><u>\$ 155,985</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 audited financial statements are available upon request. See Appendix A for the Village's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Unaudited ¹²	2018 Adopted Budget ²³
Revenues					
Property taxes	\$ 692,374	\$ 709,379	\$ 636,863	\$ 1,428,679	\$ 1,357,356
Intergovernmental	345,455	366,323	361,819	199,334	240,508
Fees, licenses and permits	45,153	47,937	52,006	50,943	50,600
Fines and forfeitures	6,912	6,754	7,764	11,292	6,900
Charges for services	164,097	174,826	182,805	214,039	178,079
Interest	4,961	8,690	5,393	9,018	5,500
Other Miscellaneous revenues	44,015	75,354	18,410	51,124	29,948
Total Revenues	\$ 1,302,967	\$ 1,389,263	\$ 1,265,060	\$ 1,964,429	\$ 1,868,891
Expenditures					
Current:					
General government	\$ 226,095	\$ 248,083	\$ 254,628	\$ 320,398	\$ 289,910
Public safety	583,772	571,537	548,207	581,028	630,935
Sanitation	91,352	94,681	98,319	98,642	99,666
Health and human services	5,857	1,985	4,358	29,357	1,924
Economic development	321	0	0	0	0
Public works	175,691	102,393	151,750	164,965	171,876
Leisure and recreation	227,094	243,897	273,159	395,890	278,059
Capital outlay	462,676	417,530	62,487	391,733	93,195
Debt service	233,872	158,538	0	450,003	472,358
Contingency fund	0	0	0	0	26,000
Total Expenditures	\$ 2,006,730	\$ 1,838,644	\$ 1,392,908	\$ 2,432,016	\$ 2,063,923
Excess of revenues over (under) expenditures	\$ (703,763)	\$ (449,381)	\$ (127,848)	\$ (467,587)	\$ (195,032)
Other Financing Sources (Uses)					
Note proceeds	\$ 376,587	\$ 126,483	\$ 0	246,083	0
Transfer from water utility-tax equivalent	72,778	69,883	71,669	69,156	72,066
Transfer from electric utility-tax equivalent	115,237	114,402	119,128	108,182	122,966
Total Other Financing Sources (Uses)	\$ 564,602	\$ 310,768	\$ 190,797	\$ 423,421	\$ 195,032
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (139,161) ⁴	\$ (138,613) ⁴	\$ 62,949	\$ (44,166)	\$ 0
General Fund Balance January 1	507,156	367,995	229,382	292,331	248,165
General Fund Balance December 31	\$ 367,995	\$ 229,382	\$ 292,331	\$ 248,165	\$ 248,165
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	27,903	21,585	254,505		
Restricted	0	0	0		
Committed	0	0	0		
Assigned	0	0	0		
Unassigned (deficit)	340,092	207,797	37,826		
Total	\$ 367,995	\$ 229,382	\$ 292,331		

¹ Unaudited data is as of December 31, 2017.

² 2017 Unaudited and 2018 Budget figures are total governmental wide funds and not just the General Fund.

³ The 2018 Budget was adopted on November 28, 2017.

⁴ Reflects in part, capital expenditures for improvement projects related to a lake.

GENERAL INFORMATION

LOCATION

The Village, with a 2010 U.S. Census population of 1,652 and a current estimated population of 1,663 comprises an area of 640 acres and is located approximately 20 miles northwest of the City of Madison, Wisconsin on State Highway 78, just north of U.S. Highway 14.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Wick Buildings	Building contractors	1,400
Electronic Theater Control	Manufacturer of theater lights	200
Plastic Ingenuity Inc.	Thermoformed plastic packaging	150
Wisconsin Heights School District	Elementary and secondary education	132
Cardinal Glass Industries	Glass coating and tinting materials	106
Roundy's	Grocer - distribution center	70
District 1 EMS	Ambulance service	58
Old Feed Mill	Restaurants	30
People Community Bank	Bank	15
The Village	Municipal government and services	14 ²

Source: *ReferenceUSA, written and telephone survey (April 2018), 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 Includes part-time employees.

BUILDING PERMITS

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	0	1	3	3	4
Valuation	\$0	\$254,500	\$679,517	\$630,000	\$1,044,658
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	0	1
Valuation	\$0	\$0	\$0	\$0	\$250,000
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	1	0	0
Valuation	\$0	\$130,000	\$140,000	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	22	30	27	31	7
Valuation	\$4,695,426	\$1,627,640	\$1,692,250	\$1,487,352	\$1,533,353

Source: The Village.

¹ As of April 13, 2018.

U.S. CENSUS DATA

Population Trend: Village

2000 U.S. Census	1,485
2010 U.S. Census	1,652
2017 Estimated Population	1,663
Percent of Change 2000 - 2010	11.25%

Income and Age Statistics

	Village	Dane County	State of Wisconsin	United States
2016 per capita income	\$29,547	\$35,687	\$29,253	\$29,829
2016 median household income	\$59,423	\$64,773	\$54,610	\$55,322
2016 median family income	\$68,750	\$87,373	\$69,925	\$67,871
2016 median gross rent	\$720	\$942	\$789	\$949
2016 median value owner occupied units	\$182,200	\$236,000	\$167,000	\$184,700
2016 median age	36.4 yrs.	34.7 yrs.	39.1 yrs.	37.7 yrs.

	State of Wisconsin	United States
Village % of 2016 per capita income	101.01%	99.05%
Village % of 2016 median family income	98.32%	101.30%

Housing Statistics

	<u>Village</u>		
	2000	2016	Percent of Change
All Housing Units	618	761	23.14%

Source: 2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dane County	Dane County	Dane County	State of Wisconsin
2014	294,498	3.7%		5.4%
2015	301,087	3.2%		4.5%
2016	309,856	2.8%		4.0%
2017	314,607	2.4%		3.3%
2018, February	318,681	2.3%		3.3%

Source: Wisconsin Department of Workforce Development.

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 the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the Village requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the 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 MAZOMANIE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2016

Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
Phone: (608) 987-2206
Fax: (608) 987-3391

VILLAGE OF MAZOMANIE, WISCONSIN
DECEMBER 31, 2016
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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Mazomanie, Wisconsin

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 Mazomanie, Wisconsin ("Village"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village'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.

Auditor's 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 audit 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, and the aggregate remaining fund information of the Village of Mazomanie, Wisconsin, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the Wisconsin Retirement System schedules on pages 52-54 be presented to supplement the basic financial statements. Such 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. 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 the Management's Discussion and Analysis that governmental 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

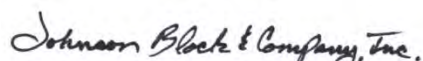
Prior Year Summarized Comparative Information

We have previously audited the Village's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated July 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Supplementary Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 financial statements as a whole.



Johnson Block and Company, Inc.
August 12, 2017
Mineral Point, Wisconsin

Exhibit A-1
Village of Mazomanie
Statement of Net Position
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
ASSETS				
Current assets:				
Cash and investments	\$ 1,907,425	\$ 480,486	\$ 2,387,911	\$ 2,033,858
Cash and investments-restricted		829,348	829,348	1,031,272
Receivables:				
Taxes receivable	1,056,338		1,056,338	973,760
Customers	17,076	414,493	431,569	417,404
Due from other governments	5,165		5,165	3,222
Other	88,260		88,260	326,387
Interest receivable		3,817	3,817	5,025
Materials and supplies		42,292	42,292	43,631
Internal balances	457,627	(457,627)		
Current portion of long-term receivable		281,687	281,687	272,442
Total current assets	3,531,891	1,594,496	5,126,387	5,107,001
Noncurrent assets:				
Restricted assets:				
Net pension asset				42,458
Total restricted assets				42,458
Fixed assets:				
Property, plant and equipment	6,338,738	12,156,486	18,495,224	17,610,929
Less: accumulated provision for depreciation	3,104,871	5,600,059	8,704,930	8,171,978
Total fixed assets	3,233,867	6,556,427	9,790,294	9,438,951
Other assets:				
Notes receivable	68,028		68,028	89,202
Special assessments receivable				9,435
Unamortized debt discount	10,421		10,421	16,532
Investment in Vanguard Commission		262,737	262,737	262,737
Long-term receivable		867,567	867,567	1,142,009
Less current portion of long-term receivable		(281,687)	(281,687)	(272,442)
Total other assets	78,449	848,617	927,066	1,247,473
Total noncurrent assets	3,312,316	7,405,044	10,717,360	10,728,882
Total assets	6,844,207	8,999,540	15,843,747	15,835,883
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows	67,651	97,755	165,406	47,056
Deferred amount on refunding		299,076	299,076	10,441
Total deferred outflows of resources	67,651	396,831	464,482	57,497
Total assets and deferred outflow of resources	\$ 6,911,858	\$ 9,396,371	\$ 16,308,229	\$ 15,893,380

The notes to the basic financial statements are an integral part of this statement.

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Exhibit A-1 (Continued)
Village of Mazomanie
Statement of Net Position
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
LIABILITIES				
Current liabilities:				
(Payable from current assets)				
Accounts payable	\$ 23,650	\$ 69,166	\$ 92,816	\$ 74,732
Bank overdraft		32,577	32,577	98,715
Public benefits payable		35,454	35,454	38,925
Due to other governments		49,561	49,561	67,064
Accrued interest	15,756	4,844	20,600	21,946
Current portion of long-term debt:				
Clean water revenue bonds		281,687	281,687	274,442
General obligation bonds	363,309	44,542	407,851	372,298
Compensated absences	3,667	7,334	11,001	13,275
Total current liabilities (payable from current assets)	406,382	525,165	931,547	961,397
Current liabilities:				
(Payable from restricted assets)				
Accrued interest		16,519	16,519	69,203
Current portion of long-term debt:				
Mortgage revenue bonds		405,000	405,000	330,000
Total current liabilities (payable from restricted assets)		421,519	421,519	399,203
Long-term liabilities:				
Mortgage revenue bonds		3,455,000	3,455,000	3,520,000
General obligation bonds		143,450	143,450	186,647
Clean water revenue bonds		867,567	867,567	1,142,009
Notes payable	2,623,947		2,623,947	2,588,595
Compensated absences	75,113	44,714	119,827	121,598
Net pension liability	11,913	17,214	29,127	
Less: current portion	(366,976)	(738,563)	(1,105,539)	(990,015)
Total long-term liabilities	2,343,997	3,789,382	6,133,379	6,568,834
Total liabilities	2,750,379	4,736,066	7,486,445	7,929,434
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	2,832,674		2,832,674	2,710,103
Pension inflows	25,071	36,228	61,299	
Total deferred inflows of resources	2,857,745	36,228	2,893,973	2,710,103
NET POSITION				
Net investment in capital assets	2,274,920	3,470,035	5,744,955	5,332,358
Restricted	959,402	599,847	1,559,249	1,763,646
Unrestricted (deficit)	(1,930,588)	554,195	(1,376,393)	(1,842,161)
Total net position	1,303,734	4,624,077	5,927,811	5,253,843
Total liabilities, deferred inflows of resources and net position	\$ 6,911,858	\$ 9,396,371	\$ 16,308,229	\$ 15,893,380

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-2
Village of Mazomanie
Statement of Activities
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business Type Activities	Totals
			Grants and Contributions	Capital Grants and Contributions			
Primary Government:							
Governmental activities:							
General government	\$ 276,225	\$ 72,630	\$ 8,234	\$ (203,595)	\$ (203,595)	\$ (169,549)	
Public safety	561,163	5,702	8,234	(547,227)	(547,227)	(538,415)	
Public works	300,092	47,582	75,874	(176,636)	(176,636)	(218,126)	
Health and human services	18,014	261		(17,753)	(17,753)	(1,828)	
Sanitation	98,319	98,792	4,631	5,104	5,104	9,075	
Leisure activities	463,387	64,067		(77,887)	(77,887)	(382,032)	
Economic development	111,838		321,433	(28,321)	(28,321)	(179,099)	
Interest and fiscal charges	104,158		83,517	(104,158)	(104,158)	(113,091)	
Total governmental activities	1,933,196	289,034	88,739	(1,150,473)	(1,150,473)	(1,613,065)	
Business-type activities:							
Water utility	246,442	360,631	495		114,684	124,727	
Sewer utility	649,784	644,605			(5,179)	20,647	
Electric utility	3,795,118	3,928,814	10,691		144,387	(66,579)	
Total business-type activities	4,691,344	4,934,050	11,186		253,892	78,795	
Total primary government	\$ 6,624,540	\$ 5,223,084	\$ 88,739	\$ 416,136	(1,150,473)	(896,581)	(1,534,270)
General Revenues:							
Property taxes					\$ 632,301	\$ 705,810	
General purposes					211,919	211,919	
Debt service					223,380	223,380	
Capital projects					261,670	261,670	
Tax increments					4,562	4,562	
Other taxes					153,526	153,526	
Federal and State aid not restricted for specific purposes					33,184	63,843	
Interest and investment earnings					5,569	5,569	
Gain on sale of fixed assets					13,779	13,779	
Miscellaneous					195,032	(195,032)	
Transfers					1,734,922	(164,373)	
Total general revenues					584,449	673,968	
Changes in net position					719,285	4,991,149	
Net position - beginning					\$ 1,303,734	\$ 5,253,843	
Net position - ending					\$ 4,624,077	\$ 5,927,811	

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-3
Village of Mazomanie
Balance Sheet
Governmental Funds
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	General	TIF #4	Capital Projects	Other Governmental Funds	Totals	
					2016	2015
ASSETS						
Cash and investments	\$ 683,898	\$ 83,508	\$ 114,229	\$ 1,025,790	\$ 1,907,425	\$ 1,975,682
Receivables:						
Taxes	565,437	209,601	89,591	191,709	1,056,338	973,760
Customers	12,369			4,707	17,076	15,557
Due from other governments	5,165				5,165	3,223
Other	1,691	3,052		83,517	88,260	311,165
Long-term receivables:						
Notes				68,028	68,028	89,202
Special assessments						9,435
Advances due from other funds	252,060	666,638			918,698	489,512
Due from other funds	421,655			6,459	428,114	368,588
Total assets	<u>\$ 1,942,275</u>	<u>\$ 962,799</u>	<u>\$ 203,820</u>	<u>\$ 1,380,210</u>	<u>\$ 4,489,104</u>	<u>\$ 4,236,124</u>
LIABILITIES						
Accounts payable	\$ 23,650				\$ 23,650	\$ 30,763
Due to other funds		6,459		2,354	8,813	89,976
Due to other governments						25,476
Advance due to other funds	666,638	104,433		109,301	880,372	601,621
Total liabilities	<u>690,288</u>	<u>110,892</u>		<u>111,655</u>	<u>912,835</u>	<u>747,836</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	959,656	1,677,141	124,500	334,437	3,095,734	2,999,539
FUND BALANCES						
Nonspendable	254,505				254,505	131,199
Restricted				959,902	959,902	912,243
Assigned			79,320		79,320	62,745
Unassigned (deficit)	37,826	(825,234)		(25,784)	(813,192)	(617,438)
Total fund balances	<u>292,331</u>	<u>(825,234)</u>	<u>79,320</u>	<u>934,118</u>	<u>480,535</u>	<u>488,749</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,942,275</u>	<u>\$ 962,799</u>	<u>\$ 203,820</u>	<u>\$ 1,380,210</u>	<u>\$ 4,489,104</u>	<u>\$ 4,236,124</u>

Exhibit A-4
Village of Mazomanie
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2016
(With Summarized Financial Information as of December 31, 2015)

	2016	2015
Total fund balances - governmental funds:	\$ 480,535	\$ 488,749
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental capital assets	6,338,738	5,564,383
Governmental accumulated depreciation	(3,104,871)	(2,997,595)
	3,233,867	2,566,788
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements		
		15,455
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	67,651	17,128
Deferred inflows of resources	(25,071)	
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Long-term notes and loans	68,028	89,202
Special assessments		9,435
Subsequent year tax equivalent from utility	195,032	190,797
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
Bonds and notes payable	(2,623,947)	(2,588,595)
Accrued interest on general obligation debt	(15,756)	(15,491)
Unamortized debt discount	10,421	16,532
Compensated absences	(75,113)	(70,715)
Net pension liability	(11,913)	
Net position of governmental activities	\$ 1,303,734	\$ 719,285

Exhibit A-5
Village of Mazomanie
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	General	TIF #4	Capital Projects	Other Governmental Funds	Totals	
					2016	2015
REVENUES						
Taxes	\$ 636,863	\$ 223,594	\$ 223,380	\$ 246,943	\$ 1,330,780	\$ 1,276,943
Licenses and permits	52,006				52,006	47,937
Intergovernmental	361,819	1,474		83,922	447,215	368,289
Public charges for services	182,805			46,482	229,287	221,467
Fines and forfeits	7,764				7,764	6,754
Interest	5,393			27,791	33,184	29,777
Miscellaneous	18,410	3,053		23,650	45,113	214,438
Total revenues	1,265,060	228,121	223,380	428,788	2,145,349	2,165,605
EXPENDITURES						
Current						
General government	254,628				254,628	248,083
Public safety	548,207				548,207	571,537
Public works	151,750			13,343	165,093	197,626
Health and human services	4,358			12,579	16,937	12,621
Sanitation	98,319				98,319	94,681
Leisure activities	273,159			18,545	291,704	255,274
Economic development		7,697		265,033	272,730	179,302
Capital outlay						
General government	1,644		62,677		64,321	2,441
Public Safety			109,251		109,251	
Leisure activities	4,142		118,273		122,415	57,232
Public works	56,701		281,624		338,325	459,860
Debt service:						
Principal retirement		145,000		184,668	329,668	506,074
Interest and fiscal charges		75,423		22,359	97,782	107,400
Total expenditures	1,392,908	228,120	571,825	516,527	2,709,380	2,692,131
Excess of revenues over (under) expenditures	(127,848)	1	(348,445)	(87,739)	(564,031)	(526,526)
OTHER FINANCING SOURCES (USES)						
Note proceeds			365,020		365,020	126,483
Transfer from water utility - tax equivalent	71,669				71,669	69,883
Transfer from electric utility - tax equivalent	119,128				119,128	114,402
Total other financing sources	190,797		365,020		555,817	310,768
Net change in fund balances	62,949	1	16,575	(87,739)	(8,214)	(215,758)
Fund balance (deficit) January 1	229,382	(825,235)	62,745	1,021,857	488,749	704,507
Fund balance (deficit) December 31	\$ 292,331	\$ (825,234)	\$ 79,320	\$ 934,118	\$ 480,535	\$ 488,749

Exhibit A-6
Village of Mazomanie
Reconciliation of Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016
(With Summarized Financial Information For the Year Ended December 31, 2015)

	2016	2015
Net change in fund balances - total governmental funds	\$ (8,214)	\$ (215,758)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	700,935	382,957
Donated capital assets	200,000	
Depreciation expenses reported in the statement of activities	(232,296)	(204,229)
Amount by which capital outlays are greater (less) than depreciation in the current period.	668,639	178,728
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:</p>		
	(1,560)	
<p>Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year. The difference between the amount paid and earned was:</p>		
	(4,398)	7,941
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities</p> <p>The amount of long-term debt principal payments in the current year is:</p>		
	329,668	506,073
<p>The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities</p>		
	(365,020)	(126,483)
<p>Deferred amounts on refunding are reported as other financing uses in the governmental funds, but are amortized over the life of the debt issue in the statement of net position</p> <p>Amortization in statement of activities:</p>		
	(6,111)	(6,111)
<p>In governmental funds, deferred revenues are reduced when special assessments are written off. However for governmental activities, an expenditure is recognized when the assessments are written off:</p>		
	(9,435)	
<p>Repayment of housing rehabilitation loans are reflected as revenue in governmental funds, but are reported as a reduction of loans receivable in the statement of net position and does not affect the statement of activities.</p>		
	(21,174)	(15,752)
<p>In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.</p>		
2015 utility tax equivalent recognized as revenue in 2016 in the governmental funds	(190,797)	(184,285)
2016 utility tax equivalent recognized as a transfer in for the statement of activities	195,032	190,797
	4,235	6,512
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>		
The amount of interest paid during the current period	97,782	107,400
The amount of interest accrued during the current period	(98,047)	(106,979)
Interest paid is greater (less) than interest expensed by	(265)	421
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.</p> <p>Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.</p> <p>Difference between the required contributions into the defined benefit pension plan the actuarially determined change in net pension liability between years, with adjustments.</p>		
	(1,916)	1,320
Change in net position - governmental activities	\$ 584,449	\$ 336,891

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-7
Village of Mazomanie
Statement of Net Position
Proprietary Funds
December 31, 2016
(With Summarized Financial Information as of December 31, 2015)

	Water Utility	Sewer Utility	Electric Utility	Totals	
				2016	2015
ASSETS					
<u>Current assets:</u>					
Cash and investments	\$ 124,373	\$	\$ 356,113	\$ 480,486	\$ 58,175
Receivables:					
Customers	23,568	73,972	316,953	414,493	401,847
Other					15,223
Accrued interest		3,817		3,817	5,025
Due from other funds	72,383			72,383	114,720
Materials and supplies	5,848	401	36,043	42,292	43,631
Current portion of:					
Long-term receivable		281,687		281,687	272,442
Advance to other funds	24,657			24,657	24,169
Total current assets	250,829	359,877	709,109	1,319,815	935,232
<u>Restricted assets:</u>					
Net pension asset					27,003
Cash and investments:					
Bond proceeds	212,982			212,982	351,940
Bond depreciation	100,985		113,878	214,863	188,005
Bond and interest redemption	2,765			2,765	2,755
Bond reserve	82,243		316,495	398,738	488,572
Total restricted assets	398,975		430,373	829,348	1,058,275
<u>Fixed assets:</u>					
Utility plant in service	3,840,471	1,825,244	6,490,771	12,156,486	12,046,546
Less: accumulated provision for depreciation	1,169,492	508,812	3,921,755	5,600,059	5,174,383
Total fixed assets	2,670,979	1,316,432	2,569,016	6,556,427	6,872,163
<u>Other assets:</u>					
Advance to other funds	152,028	28,111	50,116	230,255	252,181
Investment in Vanguard Commission			262,737	262,737	262,737
Long-term receivable		867,567		867,567	1,142,009
Less: current portion	(24,657)	(281,687)		(306,344)	(296,611)
Total other assets	127,371	613,991	312,853	1,054,215	1,360,316
Total assets	3,448,154	2,290,300	4,021,351	9,759,805	10,225,986
DEFERRED OUTFLOWS OF RESOURCES					
Pension outflows	32,585	32,585	32,585	97,755	29,928
Deferred amount on refunding	25,807		273,269	299,076	10,441
Total deferred outflows of resources	58,392	32,585	305,854	396,831	40,369
Total assets and deferred outflows of resources	\$ 3,506,546	\$ 2,322,885	\$ 4,327,205	\$ 10,156,636	\$ 10,266,355

The notes to the basic financial statements are an integral part of this statement.

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Exhibit A-7 (Continued)
Village of Mazomanie
Statement of Net Position
Proprietary Funds
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	Water Utility	Sewer Utility	Electric Utility	Totals	
				2016	2015
<u>LIABILITIES</u>					
<u>Current liabilities:</u>					
(Payable from current assets)					
Accounts payable	\$ 13,699		\$ 55,466	\$ 69,165	\$ 43,968
Bank overdraft		32,577		32,577	98,715
Due to other funds	12,101	12,177	467,407	491,685	393,332
Due to other governments		46,984	2,577	49,561	41,588
Public benefits payable			35,454	35,454	38,925
Accrued interest		4,844		4,844	6,455
Current portion of long-term debt:					
Clean water fund revenue bonds		281,687		281,687	274,442
General obligation bonds and notes	2,156	42,386		44,542	43,189
Advance		9,125		9,125	27,169
Compensated Absences	3,667	3,667		7,334	8,850
Total current liabilities (Payable from current assets)	31,623	433,447	560,904	1,025,974	976,633
<u>Current liabilities:</u>					
(Payable from restricted assets)					
Mortgage revenue bonds	140,000		265,000	405,000	330,000
Accrued interest	3,700		12,819	16,519	69,203
Total current liabilities (Payable from restricted assets)	143,700		277,819	421,519	399,203
<u>Long-term liabilities:</u>					
Advance from other funds		268,581		268,581	140,072
Mortgage revenue bonds	426,000		3,029,000	3,455,000	3,520,000
General obligation bonds and notes	2,156	141,294		143,450	186,647
Clean water revenue bonds		867,567		867,567	1,142,009
Compensated absences	20,294	20,294	4,126	44,714	50,883
Net pension liability	5,738	5,738	5,738	17,214	
Less: current portion	(145,823)	(336,865)	(265,000)	(747,688)	(683,650)
Total long-term liabilities	308,365	966,609	2,773,864	4,048,838	4,355,961
Total liabilities	483,688	1,400,056	3,612,587	5,496,331	5,731,797
DEFERRED INFLOWS OF RESOURCES					
Pension inflows	12,076	12,076	12,076	36,228	
NET POSITION					
Net investment in capital assets	2,481,612	1,175,138	(186,715)	3,470,035	3,527,897
Restricted	182,293		417,554	599,847	637,132
Unrestricted (deficit)	346,877	(264,385)	471,703	554,195	369,529
Total net position	3,010,782	910,753	702,542	4,624,077	4,534,558
Total liabilities, deferred inflows of resources, and net position	\$ 3,506,546	\$ 2,322,885	\$ 4,327,205	\$ 10,156,636	\$ 10,266,355

Exhibit A-8
Village of Mazomanie
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	Water Utility	Sewer Utility	Electric Utility	Totals	
				2016	2015
OPERATING REVENUES					
Sales of water	\$ 356,926	\$	\$	\$ 356,926	\$ 353,538
Sales of electricity			3,876,743	3,876,743	3,409,939
Measured sewer service		641,081		641,081	600,687
Penalties	1,127	3,524	7,113	11,764	11,752
Other	2,578		44,958	47,536	88,273
	<hr/>				
Total operating revenues	360,631	644,605	3,928,814	4,934,050	4,464,189
<hr/>					
OPERATING EXPENSES					
Operation and maintenance	142,219	577,286	3,309,277	4,028,782	3,789,499
Depreciation	74,952	40,129	320,273	435,354	430,225
Taxes	3,217	1,457	11,201	15,875	10,069
	<hr/>				
Total operating expenses	220,388	618,872	3,640,751	4,480,011	4,229,793
	<hr/>				
Operating income	140,243	25,733	288,063	454,039	234,396
<hr/>					
NONOPERATING REVENUES (EXPENSES)					
Amortization of debt discount and expense	(4,281)		(2,848)	(7,129)	(9,957)
Interest income	1,866	25,479	3,314	30,659	37,805
Interest expense, fiscal charges, and issuance costs	(21,773)	(30,912)	(151,519)	(204,204)	(214,890)
	<hr/>				
Income before contributions and transfers	116,055	20,300	137,010	273,365	47,354
	<hr/>				
Capital contributions	495		10,691	11,186	69,246
Transfer of tax equivalent	(72,066)		(122,966)	(195,032)	(190,797)
	<hr/>				
Change in net position	44,484	20,300	24,735	89,519	(74,197)
	<hr/>				
Net position - beginning	2,966,298	890,453	677,807	4,534,558	4,608,755
	<hr/>				
Net position - ending	\$ 3,010,782	\$ 910,753	\$ 702,542	\$ 4,624,077	\$ 4,534,558
	<hr/>				

Exhibit A-9
Village of Mazomanie
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	Water Utility	Sewer Utility	Electric Utility	Totals	
				2016	2015
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES					
Received from customers	\$ 358,217	\$ 631,616	\$ 3,946,794	\$ 4,936,627	\$ 4,528,541
Payments to employees	(57,664)	(19,045)	(41,183)	(117,892)	(109,580)
Payments for employee benefits	(27,059)	(29,621)	(13,860)	(70,540)	(64,976)
Payments made by (for) other funds	20,886	(38,239)	289,552	272,199	(171,526)
Payments to suppliers	(42,576)	(494,784)	(3,345,394)	(3,882,754)	(3,572,110)
Net Cash Flows From Operating Activities	251,804	49,927	835,909	1,137,640	610,349
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES					
Payment of advance		(3,000)		(3,000)	(20,615)
Receipt of advance from other funds			21,926	21,926	17,615
Paid to municipality for tax equivalent	(72,066)		(122,966)	(195,032)	(190,797)
Net Cash Flows (Used by) Noncapital Financing Activities:	(72,066)	(3,000)	(101,040)	(176,106)	(193,797)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments for capital acquisitions	(75,116)		(46,624)	(121,740)	(173,206)
Net proceeds (payments) from bonds issued to refund capital debt	(7,142)		(83,168)	(90,310)	
Receipt of contributed capital	495		10,691	11,186	69,246
Payments of interest and fiscal charges	(22,695)	(5,997)	(143,735)	(172,427)	(187,073)
Debt retired	(132,106)	(41,091)	(200,000)	(373,197)	(375,088)
Net Cash Flows (Used by) Capital and Related Financing Activities	(236,564)	(47,088)	(462,836)	(746,488)	(666,121)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES					
Purchase of investments			(255,665)	(255,665)	(254,861)
Receipts of investments maturing			254,861	254,861	254,007
Receipts of interest	1,866	161	3,314	5,341	5,303
Net Cash Flows From Investing Activities	1,866	161	2,510	4,537	4,449
Net change in Cash and Cash Equivalents	(54,960)		274,543	219,583	(245,120)
Cash and Cash Equivalents - Beginning of Year	578,308		256,278	834,586	1,079,706
Cash and Cash Equivalents - End of Year	\$ 523,348	\$	\$ 530,821	\$ 1,054,169	\$ 834,586
Reconciliation of Cash and Cash Equivalents to Statement of Net Position					
Cash and investments	\$ 124,373	\$	\$ 356,113	\$ 480,486	\$ 58,175
Restricted cash and investments	398,975		430,373	829,348	1,031,272
Less: long-term investments			(255,665)	(255,665)	(254,861)
Cash and Cash Equivalents	\$ 523,348	\$	\$ 530,821	\$ 1,054,169	\$ 834,586

Exhibit A-9 (Continued)
Village of Mazomanie
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	Water Utility	Sewer Utility	Electric Utility	Totals	
				2016	2015
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	\$ 140,243	\$ 25,733	\$ 288,063	\$ 454,039	\$ 234,396
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	77,074	40,129	320,273	437,476	432,283
Pension expense	4,206	4,206	4,206	12,618	(2,304)
Changes in assets and liabilities:					
Customer accounts receivable	(2,414)	(12,989)	2,757	(12,646)	(17,648)
Other accounts receivable			15,223	15,223	82,000
Due from other funds	8,785		33,552	42,337	108,395
Materials and supplies	1,297	42		1,339	(37,441)
Accounts payable	13,699		11,498	25,197	(2,280)
Due to other funds	12,101	(38,239)	256,000	229,862	(279,921)
Bank overdraft		25,084	(91,222)	(66,138)	98,715
Due to other governments		9,148	(1,175)	7,973	9,462
Public benefits			(3,471)	(3,471)	3,088
Compensated absences	(3,187)	(3,187)	205	(6,169)	(18,396)
Net Cash Provided by Operating Activities	\$ 251,804	\$ 49,927	\$ 835,909	\$ 1,137,640	\$ 610,349

Supplemental Schedule of Noncash Investing, Capital and Financing Activities:

During 2016, \$26,526 of interest expense on the Clean Water Revenue Bonds was paid by the Dane-Iowa Wastewater Commission. This amount was also reflected as interest income on the long-term receivable due from the Dane-Iowa Wastewater Commission.

During 2016, the Dane-Iowa Wastewater Commission made a principal payment on the bonds of \$274,442. This activity has been reflected by decreasing the long-term receivable from the Dane-Iowa Wastewater Commission and the Clean Water Fund Revenue Bond liability.

Exhibit A-10
Village of Mazomanie
Statement of Net Position
Fiduciary Funds
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	Tax Agency Fund	Municipal Court	<u>Totals</u>	
			2016	2015
Assets				
Cash and investments	\$ 647,762	\$ 10,147	\$ 657,909	\$ 659,643
Taxes receivable	1,662,427		1,662,427	1,650,892
Total assets	<u>\$ 2,310,189</u>	<u>\$ 10,147</u>	<u>\$ 2,320,336</u>	<u>\$ 2,310,535</u>
Liabilities				
Due to other governments	\$ 2,310,189	\$ 500	\$ 2,310,689	\$ 2,302,618
Deposits		9,647	9,647	7,917
Total liabilities	<u>\$ 2,310,189</u>	<u>\$ 10,147</u>	<u>\$ 2,320,336</u>	<u>\$ 2,310,535</u>

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

Village of Mazomanie, Wisconsin
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December 31, 2016

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Mazomanie, Wisconsin 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:

A. Reporting Entity

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

These financial statements present all the fund types of the Village, the primary government. No component units have been identified that should be included in the financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 in 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:

- a. Total assets and deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental 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.
- c. 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 Governmental Funds:

The Village reports the following major governmental funds:

General – Accounts for the Village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

TIF No. 4 – Accounts for the activity of tax incremental financing district No. 4.

Capital Projects – Accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Major Enterprise Funds:

The Village reports the following major enterprise funds:

- Electric Utility – Accounts for operation of the electric system.
- Water Utility – Accounts for operation of the water system.
- Sewer Utility – Accounts for operation of the sewer system.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Non-Major Governmental Funds:

The Village reports the following non-major or governmental funds:

Library Trust Fund

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

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Cemetery Fund
- Stormwater Fund
- Community and Economic Development Block Grant

TIF No. 5 Fund – Accounts for the activity of tax incremental financing district No. 5.

In addition, the Village reports the following fund types:

Agency Fund – Accounts for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Tax Agency
- Municipal Court

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. 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.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

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, sewer, and electric 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 unmaturing 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 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.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

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

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to governmental standards.

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

D. Cash and Investments

Cash and investments are combined on the balance sheet. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. 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 district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying agency fund balance sheet.

Property tax calendar - 2016 tax roll:

Lien date and levy date	November 30, 2016
Tax bills mailed	December 15, 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Village and the utilities because they have the right by law to place delinquent bills on the tax roll.

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

In the governmental fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories

Inventories of governmental fund types consist of expendable supplies held for consumption. Such items, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet - Governmental Funds.

Inventories of proprietary fund types are valued at cost using the first-in, first-out method and are charged as expenses or are capitalized when used.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Restricted Assets

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

H. Capital Assets

Government-Wide 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 \$5,000 for general fixed assets, \$20,000 for infrastructure and an estimated useful life in excess of two years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are reported at acquisition value.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed 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. The range of estimated useful lives by type of asset is as follows:

	Years
Buildings and Improvements	20-40
Machinery and Equipment	2-15
Utility System	10-100
Land Improvements	10-20
Vehicles	2-10
Infrastructure	20-50

Fund Financial Statements

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

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Effective January 1, 2013, employees earn five days of sick leave per year with no accumulation. Sick leave accumulated prior to January 1, 2013 is cumulative. Upon retirement, the value of sick leave is used to pay health insurance premiums for the individual. Village employees are granted vacation in varying amounts based on length of service.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

J. Long-Term Obligations

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

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

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by:
 - 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "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.

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Village Board, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Village Board takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the Village Board or by an official or body to which the Village Board delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed may be assigned. Assignments may take place after the end of the reporting period.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for other purposes.

The Village Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

Fund Statements (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Village to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Village that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Village policy is to maintain an unassigned general fund balance of 18-22% of general fund expenditures. As of December 31, 2016, the general fund's unassigned fund balance was 2.7% of current year general fund expenditures.

M. Transfers

Transfers include the payment in lieu of taxes from the water and electric utilities to the general fund.

N. Community Development Block Grant Loans

Long-term loans under the Community Development Block Grant (CDBG) programs are shown as loans receivable and deferred inflows of resources in the governmental funds.

O. Risk Management

The Village is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

P. Related Party Transactions

The water and electric utilities are charged for tax equivalents due the municipality. Payments in lieu of taxes are treated as revenues in the general fund. The general fund pays a fire protection charge to the water utility. In addition, the electric, water and sewage utilities provide basic services to departments in the general fund. Charges for fire protection and basic services are recorded as expenditures in the general fund.

Q. Income Tax

Municipal utilities are exempt from income taxes and, therefore, no income tax liability is recorded by the Village of Mazomanie, Electric, Water, and Sewer Utilities.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Encumbrances

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year-end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrances accounting applies only to governmental fund types. The Village does not use encumbrance accounting.

S. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

T. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows and inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

U. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Village has two items that qualify for reporting in this category. The deferred outflows of resources were derived from the WRS pension system and deferred amounts on debt refundings. The deferred outflows of resources for the WRS pension system are discussed in Note 6. Deferred amounts on debt refundings are discussed in Note 5.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Village has items that qualify for reporting in the category. The deferred inflows of resources are related to the WRS pension system as discussed in Note 6 and the other deferred revenue amounts as discussed in Note 14.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available"; whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities; and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3

CASH AND INVESTMENTS

At December 31, 2016, cash and investments included the following:

Petty cash	\$	85
Deposits with financial institutions		686,422
Repurchase agreements		2,767,948
U.S. Savings Bonds		297,128
Wisconsin Local Government Investment Pool		184
South Central Library Pooled Investment		123,401
Total cash and investments		<u>\$ 3,875,168</u>

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 2,387,911
Cash and investments - restricted	829,348
Exhibit A-10:	
Cash and investments	<u>657,909</u>
Total Cash and Investments	<u>\$ 3,875,168</u>

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

Investment of Village funds is restricted by state statutes. Available investments are limited to:

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

Fund Held by South Central Library System Foundation

A fund was established with the South Central Library System Foundation (SCLS) to support the library. The activity in this library fund during the year is summarized as follows:

Balance at January 1, 2016	\$ 109,885
Investment gains net of fees	7,396
Additions	6,120
Balance at December 31, 2016	<u>\$ 123,401</u>

The fund at the SCLS has been valued, as a practical expedient, at the fair value of the library's share of the SCLS's investment pool as of the measurement date. The SCLS's investments are composed of marketable equity funds, bond funds, equity securities, debt securities, and money market funds. The long-term asset allocation is 40% fixed income and 60% equities, with an acceptable range of +/- 10% based on market analysis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Village policy limits investments to securities maturing no more than three years from the date of purchase. Reserved funds may be invested in securities exceeding three years if maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds, but not to exceed seven years.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the Village's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investment by maturity:

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	More than 24 months
Local Governmental Investment Pool	\$ 184	\$ 184	\$	
Repurchase agreements	2,767,648	2,767,648		
Certificates of Deposit	589,041	129,214	459,827	
U.S. Savings Bonds	297,128	62,208	59,796	175,124
South Central Library Fund	123,401	123,401		
Totals	<u>\$3,777,402</u>	<u>\$3,082,655</u>	<u>\$ 519,623</u>	<u>\$ 175,124</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. At December 31, 2016, the Village's investment in the Wisconsin Local Government Investment Pool and the South Central Library Pool were not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in possession of another party.

Village policy is to require financial institutions to secure deposits and investments in excess of \$250,000 by pledging as collateral, U.S. Treasury bills, notes, bonds, U.S. Government Agencies or State of Wisconsin general obligation bonds or a bank deposit guaranty bond.

Federal Deposit Insurance Corporation (FDIC) Insurance

The FDIC insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2016, \$838,851 of the Village's deposits with financial institutions were insured by the FDIC and \$221,284 were not fully insured by the FDIC. All of the uninsured amount would be insured by the State Guarantee Fund, provided funds are available at the time of any potential loss. Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Additionally, the Village has entered into various repurchase agreements with a local bank with several deposit accounts. As of December 31, 2016, Village deposits totaling \$2,767,648 were in accounts with repurchase agreements. From time to time the bank sells certain securities which are direct obligations at the United States Government or its agencies upon the transfer of funds by the Village with a simultaneous agreement by the Village to sell such Securities to the bank and of the bank to repurchase such securities.

Wisconsin Local Government Investment Pool

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 (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Wisconsin Local Government Investment Pool (Continued)

Investment allocation in the local government investment pool as of December 31, 2016, was: 95.5% in U.S. Government Securities, 0.9% in Bankers' Acceptances and 3.6% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk

The Village places no limit on the amount the Village may invest in any one issuer.

Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The Village uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Village's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Village uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Village measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Fair Value	Level 1	Level 2	Level 3
South Central Library System Foundation	\$ 123,401			\$ 123,401

The South Central Library System Foundation investment is not actively traded and significant other observable inputs are not available. Thus, the fair value of the investment is measured at the proportional share of the underlying assets as reported to the Village from South Central Library System Foundation (level 3 inputs). The estimated value does not necessarily represent the amounts that may be ultimately realized.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Construction work in progress	\$ 472,593	\$ 306,598	\$ (16,997)	\$ 762,194
Other Capital Assets:				
Buildings	789,251	148,439		937,690
Land improvements	656,232	215,481	(15,600)	856,113
Machinery and equipment	354,959	95,708		450,667
Infrastructure	2,515,168	151,706	(110,980)	2,666,874
Vehicles	776,180			665,200
Total other capital assets at historical costs	5,091,790	611,334	(126,580)	5,576,544
Less Accumulated Depreciation for:				
Buildings	786,159	20,971		807,130
Land improvements	243,190	25,452	(14,040)	254,602
Machinery and equipment	167,975	39,177		207,152
Infrastructure	1,083,719	134,838		1,218,557
Vehicles	716,552	11,858	(110,980)	617,430
Total Accumulated Depreciation	2,997,595	232,296	(125,020)	3,104,871
Net Other Capital Assets	2,094,195	379,038	(1,560)	2,471,673
Total Net Capital Assets	\$ 2,566,788	\$ 379,038	\$ (1,560)	\$ 3,233,867

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 5,817
Public Safety	17,356
Public Works, which includes the depreciation of infrastructure	161,066
Health and Human Services	1,078
Leisure Activities	46,979
Total Governmental Activities Depreciation Expense	\$ 232,296

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 3,932	\$ 25,047	\$	\$ 28,979
Construction work in process		22,556		22,556
Total capital assets not being depreciated	3,932	47,603		51,535
Capital assets being depreciated:				
Water:				
Wells	73,407			73,407
Distribution, reservoirs and standpipes	465,576			465,576
Mains	2,225,464			2,225,464
Services	364,839	6,632	(100)	371,371
Meters	75,497	4,565	(1,200)	78,862
Hydrants	245,521	10,288	(1,000)	254,809
Buildings and attached fixtures	46,674			46,674
Machinery and equipment	268,548	6,028		274,576
Sewer:				
Buildings and attached fixtures	57,845			57,845
Machinery and equipment	22,252			22,252
Mains and services	1,743,944			1,743,944
Electric:				
Buildings and attached fixtures	176,971			176,971
Transmission and distribution plant	6,193,341	46,624	(9,500)	6,230,465
Other general plant	82,735			82,735
Total	12,042,614	74,137	(11,800)	12,104,951
Less: Accumulated depreciation for:				
Water	1,094,719	77,074	(2,300)	1,169,493
Sewer	468,683	40,129		508,812
Electric	3,610,981	320,273	(9,500)	3,921,754
Total Accumulated Depreciation	5,174,383	437,476	(11,800)	5,600,059
Net Capital Assets Being Depreciated	6,868,231	(363,339)		6,504,892
Total Net Capital Assets	\$ 6,872,163	\$ (315,736)	\$	\$ 6,556,427

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	\$ 77,074
Sewer	40,129
Electric	320,273
Total Depreciation Expense	437,476
Less: Water Depreciation Expense Allocated to Sewer	(2,122)
Total Depreciation Expense per Exhibit A-8	\$ 435,354

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts	
					Due within One Year	
Governmental Activities						
Bonds and Notes Payable:						
General obligation debt	\$ 2,588,595	\$ 365,020	\$ (329,668)	\$ 2,623,947	\$	\$ 363,309
Other Liabilities:						
Compensated absences	70,715	4,398		75,113		3,667
Total Governmental Activities	\$ 2,659,310	\$ 369,418	\$ (329,668)	\$ 2,699,060	\$	\$ 366,976
Business-Type Activities						
Bonds and Notes Payable:						
General obligation debt	\$ 186,647	\$	\$ (43,197)	\$ 143,450	\$	\$ 44,542
Clean water revenue bonds	1,142,009		(274,442)	867,567		281,687
Mortgage revenue bonds	3,520,000	2,605,000	(2,670,000)	3,455,000		403,000
Other Liabilities:						
Compensated absences	50,883		(6,169)	44,714		7,334
Total Business-Type Activities	\$ 4,899,539	\$ 2,605,000	\$ (2,993,808)	\$ 4,510,731	\$	\$ 738,563

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2016 was \$7,815,335. Total general obligation debt outstanding at year-end was \$2,767,397.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/16
General Obligation Debt					
General Obligation Refunding Bonds	6/30/09	6/1/25	3.8-4.8%	\$ 2,400,000	\$ 1,665,000
General Obligation Refunding Bonds	2/7/08	2/1/18	3.75-3.8%	991,622	234,246
General Obligation Notes	6/29/10	6/1/20	2.85-3.4%	605,390	226,617
General Obligation Note	3/28/12	3/28/17	2.58%	20,500	4,313
General Obligation Note	11/12/13	11/12/18	3.37%	32,970	13,860
General Obligation Note	2/20/15	2/20/25	2.41%	126,483	114,891
General Obligation Note	2/16/16	2/16/26	1.91%	365,020	365,020
Total Governmental Activities - General Obligation Debt					<u>\$ 2,623,947</u>

The general obligation note dated February 16, 2016 was approved up to an amount of \$500,000. Up to twelve advances are allowed in the first year of the loan. Through December 31, 2016, draws totaling \$365,020 were made. Subsequent to December 31, 2016 and through the date of the audit report, additional draws were made for various capital outlays totaling \$103,053.

Business-Type Activities

General Obligation Debt:	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/16
General Obligation Notes	6/29/10	6/1/20	2.85-3.4%	\$ 329,610	\$ 123,382
General Obligation Refunding Bonds	2/7/08	2/1/18	3.75-3.8%	123,378	15,754
General Obligation Note	3/28/12	3/28/17	2.58%	20,500	4,314
Total Business-Type Activities - General Obligation Debt					<u>\$ 143,450</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 363,309	\$ 90,292	\$ 453,601	\$ 44,542	\$ 498,143
2018	392,375	79,983	472,358	30,166	502,524
2019	277,844	68,086	345,930	33,490	381,420
2020	286,936	57,718	344,654	35,252	381,906
2021	233,056	47,745	280,801		328,546
2022-2026	1,070,427	93,910	1,164,337		1,258,247
Totals	\$ 2,623,947	\$ 437,734	\$ 3,061,681	\$ 143,450	\$ 3,205,131

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility.

Revenue debt payable at December 31, 2016 consists of the following:

Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2016
Revenue Bonds (partially refunded)	6/30/09	8/1/19	4.0-4.5%	3,400,000	515,000
Revenue Refunding Bonds	6/29/10	8/1/17	3.15%	745,000	130,000
Revenue Refunding Bonds	12/15/16	8/1/29	1.5-3.0%	2,605,000	2,605,000
Clean Water Revenue Bonds	8/11/00	5/1/19	2.64%	4,552,866	867,567
Total Business-Type Activities Revenue Debt					<u>\$ 4,322,567</u>

Debt service requirements to maturity are as follows:

Years	Business-Type Activities Revenue Debt		Total
	Principal	Interest	
2017	\$ 686,686	\$ 92,043	\$ 778,729
2018	634,124	93,213	727,337
2019	536,757	65,865	602,622
2020	250,000	58,348	308,348
2021	250,000	54,098	304,098
2022-2026	1,230,000	194,288	1,424,288
2027-2029	735,000	43,158	778,158
Totals	\$ 4,322,567	\$ 601,013	\$ 4,923,580

Waterworks and Electric System Mortgage Revenue Bonds

According to the Village of Mazomanie resolutions authorizing waterworks and electric system mortgage revenue bond issues, local officials must comply with certain requirements specified therein.

Income and revenues from the operation of the System shall be set aside into separate and special funds (bank accounts) to be used and applied for the following purposes:

- Amounts sufficient to provide for the reasonable operations of the System and set aside into a "Waterworks System Operating and Maintenance Fund" and an "Electric System Operation and Maintenance Fund."
- Amounts sufficient to pay the principal of and the interest on the 2008, 2009, and 2010 Bonds and to meet the Reserve requirement shall be set aside into a "Joint Waterworks System and Electric System Bond and Interest Special Redemption Fund." The amount deposited each month shall not be less than one-sixth of the interest next coming due, plus one-twelfth of the principal next maturing.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (Continued)

Waterworks and Electric System Mortgage Revenue Bonds (Continued)

- Amounts sufficient to provide a proper and adequate depreciation account for the System and set aside monthly into a "Waterworks System Depreciation Fund" and an "Electric System Depreciation Fund." Any amounts in each account in excess of \$126,232 (water) and \$142,347 (electric) not required during the current fiscal year in these funds may be transferred.

- An amount shall be set aside in a separate account known as the "Reserve Account" equal to the highest remaining annual debt service requirement on the prior bonds. Should the balance in this account at any time be less than the reserve requirement, the Village will deposit one twelfth of the reserve requirement monthly from the above funds which is in excess of the amounts required for the purpose of such funds until the reserve requirement is again accumulated.

Rates and charges for services rendered by the system are required to be such that annual "net earnings" be not less than 125% of the annual debt service on all bonds in any year so that the amount set aside in the bond and interest special redemption fund will be adequate for payment of the bonds and interest thereon as they become payable. This requirement was met for 2016.

There are a number of other limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with these limitations and restrictions.

Sewerage Clean Water Revenue Bonds

It is the intention that the principal and interest payments on the Clean Water Revenue bonds will be paid out of the revenues of the Dane-Iowa Wastewater Commission. (See note 10). A long term receivable from the Commission for the same amount as the bonds and on the same terms has been reflected in the financial statements.

Advance Refunding

On December 15, 2016, the Village issued \$2,605,000 of Waterworks and Electric System Revenue Bonds with interest rates ranging from 1.5%-3.0%. The proceeds from the bonds, along with \$90,401 of cash reserves, were used to advance refund \$2,340,000 of 2009 Waterworks and Electric System Revenue Bonds with interest rates between 4.6%-5.4%. The Village deposited proceeds of the refunding bonds and cash reserves into an irrevocable trust account to provide for all future debt service payments on the old bonds. After payment of bond issuance costs of \$77,336, the net amount deposited to the trust was \$2,618,063. As of December 31, 2016, the 2009 Waterworks and Electric System Revenue Bonds of \$2,340,000 are considered defeased. These bonds are scheduled to be called on August 1, 2019.

The Village completed the refunding to reduce its debt service payments by \$283,900 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$152,894.

Other Debt Information

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

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Other Debt Information

In prior years, the Village defeased certain general obligation notes and bonds. The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt. The utility portion of this difference is reported in the proprietary fund statements as a deferred outflow of resources and is being charged to operations based on the amount of interest costs incurred annually to the total interest costs of the new issue.

NOTE 6

WISCONSIN RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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://ef.wi.gov/publications/cafr.htm>.

Accounting Changes: The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 6 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. 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 \$19,531 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

	2016	
	Employee	Employer
General (including teachers)	6.6%	6.6%
Executive and elected officials	6.6%	6.6%
Protective with social security	6.6%	9.4%
Protective without social security	6.6%	13.2%

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 6 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

At December 31, 2016, the Village reported a liability of \$29,127 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village's proportion was 0.00179248%, which was an increase of 0.00006388% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$35,229.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the Village.

At December 31, 2016, 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	\$ 4,928	\$ 61,299
Changes of assumptions	20,378	
Net differences between projected and actual earnings on pension plan investments	119,256	
Changes in proportion and differences between employer contributions and proportionate share of contributions	624	
Employer contributions subsequent to the measurement date	20,220	
Total	\$ 165,406	\$ 61,299

\$20,220 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 6 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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
2017	\$ 37,718	\$ 14,834
2018	37,718	14,834
2019	37,718	14,834
2020	31,380	14,834
2021	652	1,963
Total	\$ 145,186	\$ 61,299

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
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:	3.2%
Inflation	0.2% - 5.6%
Seniority/Merit	Wisconsin 2012 Mortality Table
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. Starting with 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009-2011. The total pension liability for December 31, 2015, is based upon a roll-forward of the liability calculated from the December 31, 2014, actuarial valuation.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 6 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

Retirement Funds Asset Allocation Targets and Expected Returns	As of December 31, 2015	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class		27 %	23 %	7.6 %	4.7 %
U.S. Equities		24.5	22	8.5	5.6
International Equities		27.5	37	4.4	1.6
Fixed Income		10	20	4.2	1.4
Inflation Sensitive Assets		7	7	6.5	3.6
Real Estate		7	7	9.4	6.5
Private Equity/Debt		4	4	6.7	3.8
Multi-Asset		107	120	7.4	4.5
Total Core Fund					
Variable Fund Asset Class					
U.S. Equities		70 %	70 %	7.6 %	4.7 %
International Equities		30	30	8.5	5.6
Total Variable Fund		100 %	100 %	7.9 %	5.0 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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 3.57%. 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.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 6 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Sensitivity of the Village of Mazomanie'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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$204,301	\$29,127	(\$107,686)

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://efr.wi.gov/publications/cafr.htm>.

NOTE 7 INTERFUND ACCOUNTS

Interfund receivables and payables were as follows on December 31, 2016:

Governmental Funds:	Receivable Fund	Payable Fund	Amount
General	Sewer	General	\$ 6,939
General	Water	General	12,101
General	Electric	General	400,261
General	Stormwater Fund	General	2,304
General	Development Block Grant	General	50
Stormwater	TIF #4	Stormwater	6,459
	Total		\$ 428,114
Enterprise Funds:	Electric	Water	\$ 67,145
Water	Sewer	Water	5,238
	Total		\$ 72,383

Interfund balances arose due to various operating expense reimbursements not yet paid by December 31. A large component of the Electric Utility's amounts owed to other funds was due to electric debt payments being made by other funds.

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

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 7 INTERFUND ACCOUNTS (CONTINUED)

The following is a schedule of interfund transfers:

Fund Transfer To	Fund Transfer From	Amount
Governmental Funds:		
General	Water - Tax Equivalent	\$ 71,669
General	Electric - Tax Equivalent	119,128
	Total	\$ 190,797
Proprietary Funds:		
General	Water - Tax Equivalent	\$ 72,066
General	Electric - Tax Equivalent	122,966
	Total	\$ 195,032

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 8 LONG-TERM ADVANCES

A. On December 31, 2016, the sewer utility was obligated to the general fund for \$142,759 on a long-term advance with interest at 3.0%. The advance matures as follows:

Year	Principal	Interest	Total
2017	\$ 9,125	\$ 4,342	\$ 13,467
2018	9,402	4,065	13,467
2019	9,688	3,779	13,467
2020	9,973	3,494	13,467
2021	10,286	3,181	13,467
2022	10,599	2,868	13,467
2023	10,922	2,545	13,467
2024	11,248	2,219	13,467
2025	11,596	1,871	13,467
2026	11,949	1,518	13,467
2027	12,312	1,155	13,467
2028	12,684	783	13,467
2029	12,975	492	13,467
2030	142,759	32,312	175,071
Total	\$ 142,759	\$ 32,312	\$ 175,071

B. On December 31, 2016, the sewer utility was obligated to the water utility for \$125,822 on a long-term advance with interest at 2.0%. The advance matures as follows:

Year	Principal	Interest	Total
2017	\$ 48,826	\$ 4,592	\$ 53,418
2018	25,154	1,554	26,708
2019	25,662	1,046	26,708
2020	26,180	528	26,708
Total	\$ 125,822	\$ 7,720	\$ 133,542

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 8 LONG-TERM ADVANCES (CONTINUED)

C. Various funds have advanced funds to/from the tax incremental financing districts. No repayment schedule has been established on these advances. As of December 31, 2016, the advance balances were as follows:

Receivable Fund	Payable Fund	Amount
General	TIF #5	\$ 109,301
General	Sewer	142,759
TIF #4	General	666,638
Subtotal - Governmental Funds		918,698
Electric Utility	TIF #4	50,116
Water Utility	TIF #4	26,206
Water Utility	Sewer	125,822
Sewer Utility	TIF #4	28,111
Subtotal - Enterprise Funds		230,255
Total		\$ 1,148,953

NOTE 9 TAX INCREMENTAL DISTRICTS

The Village of Mazomanie, Wisconsin Tax Incremental Financing Districts were created under the provisions of Wisconsin Statute Section 66.46. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the Districts. The tax on the increased value is called a tax increment.

Project costs may be incurred up to five years before the District's mandatory termination date. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum of 23 years (TID's created before October 1, 1995) or 20 years (TID's created after September 30, 1995). TID's created after October 1, 2004 will have a maximum life of 27 years for blight elimination districts and 20 years for industrial and mixed-use TID's. An industrial and mixed-use TID has the option to extend the maximum life by 5 years. Project cost uncollected at the dissolution date are absorbed by the municipality.

	Creation Date	Last Date to Incur Project Costs	Final Dissolution Date
District #4 (mixed use)	9/27/05	9/27/20	9/27/25
District #5 (blighted area)	9/27/05	9/27/27	9/27/32

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 9 TAX INCREMENTAL DISTRICTS (CONTINUED)

Following is the cumulative status of TIF Districts 4 and 5 as of December 31, 2016:

	TIF #4	TIF #5
Revenues		
Tax Increments	\$ 1,695,297	\$ 235,915
Intergovernmental	506,798	111,650
Sale of land	57,452	
Developer guarantee	570,072	
Total Revenues	2,829,619	347,565
Expenditures		
Administrative	96,640	19,258
Capital Outlay	4,546,783	354,091
Interest and Fiscal Charges	676,431	
Total Expenditures	5,319,854	373,349
Amount (Overrecovered) to be Recovered through increments	\$ 2,490,235	\$ 25,784
Cash	\$ (1,836)	
Other Receivables	(3,052)	(83,517)
Advances Due (from) to Other Funds	(666,638)	109,301
Notes Payable	1,665,000	
Due to Other Funds	110,892	
Deferred Credit-Developer	1,385,869	
Amount to be Recovered Through Future Increments	\$ 2,490,235	\$ 25,784

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 10

JOINT VENTURES

A) Ambulance

The Village of Mazomanie is a member of a local ambulance district. The municipalities forming the district share in the operation of the district based on the ratio of equalized values. The governing body is made up of representatives from each municipality and has authority to adopt its own budget and control the financial affairs of the district. Transactions of the district are not reflected in these financial statements. The Village's contribution to the joint venture for 2016 was \$10,997. Summary financial information of the ambulance district as of December 31, 2016, was not available.

B) Dane-Iowa Wastewater Commission

In accordance with Wis. Statute 66.30, the Villages of Mazomanie, Black Earth and Arena entered into an agreement to create the Dane-Iowa Wastewater Commission. The purpose of the Commission is to construct and operate a regional sewage treatment and disposal facility. Upon completion of the facility, the Villages discontinued their treatment and disposal facilities and retained their respective collection systems. The facility was financed partially with \$10,516,400 of Clean Water Fund Revenue Bonds. These bonds were issued by each of the Villages (see note 5).

The Commission consists of seven voting members consisting of the presidents of the three villages and one additional member appointed by the president of each village and approved by each village board. One additional member is selected by the majority vote of these six members and must be a resident of one of the municipalities.

At any time after twenty years from the date upon which all contracting municipalities close on the Clean Water Fund Revenue Bonds, and after payment in full of all obligations of the Commission used to finance the planning, construction, replacement maintenance, operation or extension of the system, any contracting municipality may, upon not less than three years' notice to the commission and the other contracting municipalities, withdraw from this agreement.

The commission established user charges and bills the member municipalities, the Village of Cross Plains and the Wisconsin Heights School District. The Village expensed \$498,584 of costs in 2016.

The commission operates on a fiscal year from July 1 to June 30. Audited financial statements for the year ended June 30, 2016, are available at the commission office. The financial transactions of the commission are not included in the Village's audit.

C) Joint Electric Commission

The Village of Black Earth and the Village of Mazomanie entered into an agreement to create the Vanguard Electric Commission. The agreement was approved in December 2000. The agreement outlines the provisions for the creation of a joint commission for the purposes of providing services to each Village electric utility. The agreement specifies procedures for allocating costs between each Village. The Commission consists of seven (7) members including three from each municipality and an at-large citizen.

The Villages of Black Earth and Mazomanie were granted approval by the Public Service Commission for the Vanguard commission to be an affiliated interest of each municipal utility. Mazomanie Electric Utility contributed \$262,737 in operating cash, vehicles and inventory to the commission. This contribution is accounted for as an investment in Vanguard.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

POST-EMPLOYMENT BENEFITS

NOTE 11

The municipality provides post-employment health insurance benefits for all eligible employees. Employees may convert accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. Funding for those costs is provided out of the current operating budget of the general fund and proprietary funds. At December 31, 2016, there were three individuals eligible to receive these benefits. There were \$13,276 in expenditures for the year ended December 31, 2016. The amount to be used for future premiums is \$44,606 and has been included in the compensated absences liability on the government-wide statement of net position.

NOTE 12

NOTES RECEIVABLE

Long-term notes receivable recorded in the Community and Economic Development Block Grants fund at December 31, 2016, consist of loans made to individuals to rehabilitate homes. These notes are secured by real estate mortgages. Repayments are deposited into a revolving loan fund from which additional loans will be made to fund activities qualifying under the Village's housing procedures manual. These notes represent revenue that is not available for current expenditures and are, therefore, recorded as deferred inflows of resources.

NOTE 13

CONTINGENCIES

The U.S. Environmental Protection Agency (EPA) is developing a list of potentially responsible parties with respect to a Superfund site in the Town of Middleton, Wisconsin. The Village has responded to these inquiries and there has been no determination as to whether the Village will be named a responsible party. No liability has been accrued for any potential liability on the part of the Village related to this environmental matter.

NOTE 14

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2016 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 1,446,805
2016 tax equivalent	195,032
Economic development loans receivable	68,028
Developer contributions - TIF #4	1,385,869
Total Deferred Inflows of Resources	\$ 3,095,734

The Economic Development Loans receivable of \$68,028 represents various loans to homeowners and businesses that were originally financed from economic development grants received by the Village from the State of Wisconsin. Repayment of principal and interest on the loans is recorded as revenue in the community and economic development block grant special revenue fund and is used to finance additional loans.

The developer contributions balance represents \$1,385,869 of costs paid by a developer on behalf of the Village. Costs paid were for infrastructure, street contributions, substation contributions, and stormwater management. The total of these costs will be repaid to the developer if tax increments are sufficient to pay costs.

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 15 NET POSITION/FUND BALANCES

GOVERNMENTAL ACTIVITIES

Governmental activities net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 3,233,867
Less: related long-term debt outstanding	(958,947)
Total net investment in capital assets	<u>2,274,920</u>
Restricted for:	
Debt Service	72,219
Economic Development	196,148
Cemetery	78,326
Library Trust	576,201
Stormwater	36,508
Total restricted	<u>959,402</u>
Unrestricted (deficit)	<u>(1,930,588)</u>
Total governmental activities net position	<u>\$ 1,303,734</u>

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2016, includes the following:

Nonspendable:	
General Fund:	
Delinquent personal property taxes	\$ 2,445
Advance to other funds	252,060
Total nonspendable	<u>\$ 254,505</u>
Restricted for:	
Cemetery	\$ 78,326
Library expendable trust	576,201
Community development block grant program	196,148
Debt service	72,219
Stormwater	36,508
Total restricted	<u>\$ 959,402</u>
Assigned for:	
Capital projects	<u>\$ 79,320</u>
The following funds had a fund balance deficit at December 31, 2016:	
TIF #4	\$ (825,234)
TIF #5	(25,784)
Total (deficit)	<u>\$ (851,018)</u>

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 15 NET POSITION/FUND BALANCES (CONTINUED)

The following calculation supports the utility net position invested in capital assets, net of related debt:

Plant in service	\$ 12,156,486
Accumulated depreciation	(5,600,059)
Subtotal	<u>6,556,427</u>
Less: Capital related debt	(3,598,450)
Add: Deferred amount on refunding	299,076
Subtotal	<u>3,257,053</u>
Add: Unspent bond proceeds	212,982
Total net investment in capital assets	<u>\$ 3,470,035</u>

NOTE 16 RESTRICTED ASSETS

Certain proceeds of the utility's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The following revenue bond accounts are reported as restricted assets:

Redemption -	Used to segregate resources accumulated for debt service payments over the next twelve months.
Reserve -	Used to report resources set aside to make up potential future deficiencies in the redemption account.
Depreciation -	Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
Bond Proceeds -	Unspent portion of bond proceeds

NOTE 17 RESTRICTED NET POSITION-PROPRIETARY FUNDS

The following calculation supports the amount of net position:

Restricted assets:	
Special redemption fund	\$ 2,765
Depreciation fund	214,863
Reserve fund	398,738
Total restricted assets	<u>616,366</u>
Accrued interest payable from restricted assets	(16,519)
Total restricted net position	<u>\$ 599,847</u>

Village of Mazomanie, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 18

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from the net new construction or zero percent. All of the exceptions and modifications to levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the Village adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the Village must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, fire protection, snow plowing, street sweeping, and stormwater management.

NOTE 19

COMMITMENTS/SUBSEQUENT EVENTS

Prior to December 31, 2016, the Village approved borrowing up to \$550,000 from a local bank at an interest rate of 2.165% to be used for public purposes within TIF #5. Subsequent to December 31, 2016 and through the date of the audit report, the Village has incurred costs of \$43,495 related to the TIF #5 projects. Loan draws totaling \$28,965 have been made to date.

Subsequent to December 31, 2016, the Village approved a street resurfacing bid for \$87,354.

Subsequent to December 31, 2016, the Village approved borrowing up to \$500,000 from a local bank at an interest rate of 1.97% to be used for repair and reconstruction of Lake Marion. Subsequent to December 31, 2016 and through the date of the audit report, the Village has incurred costs of \$29,603 related to the project. Loan draws totaling \$21,460 have been made to date.

NOTE 20

CONCENTRATION OF RISK

Approximately 66% of the Electric Utility operating revenues are provided by three customers.

Required Supplementary Information

Exhibit B-1
Required Supplementary Information

Village of Mazomanie
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 637,601	\$ 637,601	\$ 636,863	\$ (738)	\$ (738)
Licenses and permits	49,050	49,050	52,006	2,956	2,956
Intergovernmental	335,034	335,034	361,819	26,785	26,785
Public charges for services	176,363	176,363	182,805	6,442	6,442
Fines and forfeits	7,750	7,750	7,764	14	14
Interest	3,000	3,000	5,393	2,393	2,393
Miscellaneous	8,632	8,632	18,410	9,778	9,778
Total revenues	1,217,430	1,217,430	1,265,060	47,630	47,630
EXPENDITURES					
General government	251,790	251,790	254,628	(2,838)	(2,838)
Public safety	621,867	621,867	548,207	73,660	73,660
Public works	149,060	149,060	151,750	(2,690)	(2,690)
Health and human services	4,118	4,118	4,358	(240)	(240)
Sanitation	96,888	96,888	98,319	(1,431)	(1,431)
Leisure activities	253,928	253,928	273,159	(19,231)	(19,231)
Capital outlay	36,350	36,350	62,487	(26,137)	(26,137)
Total expenditures	1,414,001	1,414,001	1,392,908	21,093	21,093
Excess (deficiency) of revenues over over expenditures	(196,571)	(196,571)	(127,848)	68,723	68,723
OTHER FINANCING SOURCES					
Transfer from utilities - tax equivalent	187,023	187,023	190,797	3,774	3,774
Total other financing sources	187,023	187,023	190,797	3,774	3,774
Net change in fund balances	(9,548)	(9,548)	62,949	72,497	72,497
Fund balance - beginning of year	229,382	229,382	229,382		
Fund balance - end of year	\$ 219,834	\$ 219,834	\$ 292,331	\$ 72,497	\$ 72,497

See accompanying Notes to Required Supplementary Information.

Exhibit B-2
Village of Mazomanie, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2016

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Calendar Years*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.00179248%	\$ 29,127	\$ 287,224	10.14%	98.20%
2014	(0.00172860%)	(42,447)	238,437	(17.80%)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 20,220	\$ (20,220)	\$ 306,696	6.59%	
2015	19,531	(19,531)	287,224	6.80%	

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

See Accompanying Notes to the Required Supplementary Information

Village of Mazomanie, Wisconsin
Notes to the Required Supplementary Information
December 31, 2016

NOTE 1 BUDGET SCHEDULE

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

The Village budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and subsequent revisions authorized by the Village board. Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Revisions require a two-thirds vote of the Village Board. Appropriations for the general fund lapse at year end unless specifically carried forward by Board action.

The Village does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2 EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2016:

	Expenditure	Excess Expenditure
General government	\$ 2,838	
Public works	2,690	
Health and human services	240	
Sanitation	1,431	
Leisure activities	19,231	
Capital outlay	59,021	

NOTE 3 WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

Supplementary Information

Exhibit C-1
Village of Mazomanie
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2016

	TIF #5	Cemetery	Community and Economic Development Block Grants	Debt Service	Stormwater	Library Trust	Total
ASSETS							
Cash and investments	\$ 9,344	\$ 78,326	\$ 196,198	\$ 138,075	\$ 27,646	\$ 576,201	\$ 1,025,790
Receivables:							
Taxes	23,979			167,730			191,709
Customer				4,707			4,707
Other	83,517						83,517
Long-term receivables:							
Notes			68,028				68,028
Due from other funds				6,459			6,459
Total assets	\$ 116,840	\$ 78,326	\$ 264,226	\$ 305,805	\$ 38,812	\$ 576,201	\$ 1,380,210
LIABILITIES							
Due to other funds	\$	\$	50	\$	2,304	\$	2,354
Advance due to other funds	109,301						109,301
Total liabilities	109,301		50		2,304		111,655
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	33,323		68,028	233,086			334,437
FUND BALANCES							
Restricted		78,326	196,148	72,719	36,508	576,201	959,902
Unassigned (deficit)	(25,784)						(25,784)
Total fund balances	(25,784)	78,326	196,148	72,719	36,508	576,201	934,118
Total liabilities, deferred inflows of resources and fund balances	\$ 116,840	\$ 78,326	\$ 264,226	\$ 305,805	\$ 38,812	\$ 576,201	\$ 1,380,210

Exhibit C-2
Village of Mazomanie
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2016

	TIF #5	Cemetery	Community and Economic Development Block Grants	Debt Service	Stormwater	Library Trust	Total
REVENUES							
Taxes	\$ 35,024	\$	\$ 211,919	\$	\$	\$	\$ 246,943
Intergovernmental	83,922				46,482		83,922
Public charges for services		231	718		178	26,664	46,482
Interest income		261	21,173			2,216	27,791
Miscellaneous							23,650
Total revenues	118,946	492	21,891	211,919	46,660	28,880	428,788
EXPENDITURES							
Current:							
Public works					13,343		13,343
Health and human services		12,579					12,579
Leisure activities						18,545	18,545
Economic development	254,344		10,689				265,033
Capital outlay:							
Public works							
Debt service:							
Principal retirement				184,668			184,668
Interest and fiscal charges				22,359			22,359
Total expenditures	254,344	12,579	10,689	207,027	13,343	18,545	516,527
Excess of revenues over (under) expenditures	(135,398)	(12,087)	11,202	4,892	33,317	10,335	(87,739)
Net change in fund balances	(135,398)	(12,087)	11,202	4,892	33,317	10,335	(87,739)
Fund balances, beginning	109,614	90,413	184,946	67,827	3,191	565,866	1,021,857
Fund balances, ending	\$ (25,784)	\$ 78,326	\$ 196,148	\$ 72,719	\$ 36,508	\$ 576,201	\$ 934,118



Certified Public Accountants

2500 Business Park Road • Mineral Point, Wisconsin 53565 • TEL 608-987-2206 • FAX 608-987-5391

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Village Board
Village of Mazomanie, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mazomanie, Wisconsin ("Village") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Mazomanie's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Mazomanie's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Village of Mazomanie's internal control to be a material weakness:

Segregation of Duties

The size of the office staff precludes a proper segregation of functions to assure adequate internal control. This is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the Village's operations.

This communication is intended solely for the information and use of management, the Village Board, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block and Company, Inc.
Mineral Point, Wisconsin
August 12, 2017



Certified Public Accountants

2500 Business Park Road • Mineral Point, Wisconsin 53565 • TEL 608-987-2206 • FAX 608-987-5391

To the Village Board
Village of Mazomanie, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mazomanie, Wisconsin ("Village") for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

1. Management's estimate of the pension liability and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Record additional accounts payable
- Reverse prior year accounts payable
- Adjust hydrant rent
- Record debt payments in utility funds
- Adjust accrued interest payable
- Record depreciation expense
- Record fixed asset additions and removals
- Reclassify electric capital asset amounts
- Reflect debt payments made by Dane-Iowa Wastewater Commission
- Record tax equivalent
- Adjust interfund balances
- Adjust fund balances for 2015 activity
- Record voided check
- Record allocation of deferred tax increment revenues to TIF #4 and TIF #5
- Adjust compensated absences
- Adjust expenditures to move all trail costs to TIF #5
- Record accounts receivable for a trail grant

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 12, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison information and the Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.


We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restriction on Use

This information is intended solely for the information and use of the Village Board and management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Johnson Block & Company, Inc.
Mineral Point, Wisconsin
August 12, 2017

*Village of Mazomanie, Wisconsin
December 31, 2016
Governmental*

Account	Description	Debit	Credit
Proposed JE # 6001	Entry to remove loan receivable that was placed on tax roll from receivables.		
2370.000	Deferred Revenue-ED Rev loan	8,200.00	
1991.000	ED Notes Receivable		8,200.00
Total		8,200.00	8,200.00
Proposed JE # 6002	Entry to write-off delinquent personal property taxes > 1 year old.		
5190.000	Illegal taxes/bad debt	1,233.19	
1220.000	Delinquent Personal Prop Taxes		1,233.19
Total		1,233.19	1,233.19
Proposed JE # 6003	Entry to add voided outstanding checks back to cash. Checks were voided in checkbook, but not in the accounting software.		
1110.000	Treasurer's Cash - Checking	947.46	
5142.350	Supplies		947.46
Total		947.46	947.46
Proposed JE # 6004	Record accrued payroll.		
3100.000	Unassigned Fund Balance	1,291.00	
5142.050	Wages - Clerk	1,249.00	
2120.000	Accounts Payable		2,540.00
Total		2,540.00	2,540.00
Proposed JE # 6005	Record accrued vacation.		
5142.050	Wages - Clerk	4,471.00	
2120.000	Accounts Payable		4,471.00
Total		4,471.00	4,471.00
Proposed JE # 6006	Entry to book payable for Fire Department ATV. ATV received in 2016, but budgeted for in 2017.		
5220.800	Fire Department Capital Budget	11,250.00	
2120.000	Accounts Payable		11,250.00
Total		11,250.00	11,250.00

Village of Mazomanie, Wisconsin
December 31, 2016
Stormwater

Account	Description	Debit	Credit
Proposed JE # 6001			
Record estimate of unbilled revenue as of December 31, 2016.			
1420.00	Customer Accounts Receivable	3,271.00	3,076.00
3000.00	Fund Balance		195.00
4600.00	Sales		
Total		3,271.00	3,271.00

Village of Mazomanie, Wisconsin
December 31, 2016
Water

Account	Description	Debit	Credit
Proposed JE # 6001			
Record estimate of unbilled revenue as of December 31, 2016.			
1420.0000	Customer Accounts Receivable	10,118.00	9,164.00
3000.0000	Retained Earnings		954.00
4600.0000	Sales - Residential		
Total		10,118.00	10,118.00
Proposed JE # 6002			
Record accrued payroll.			
6000.0000	Supervision and Labor	906.00	906.00
2320.0000	Accounts Payable		
Total		906.00	906.00
Proposed JE # 6003			
Record accrued vacation.			
6800.0000	Administrative Salaries	1,547.00	1,547.00
2320.0000	Accounts Payable		
Total		1,547.00	1,547.00

Village of Mazomanie, Wisconsin
December 31, 2016
Sewer

Account	Description	Debit	Credit
Proposed JE # 6001	Record estimate of unbilled revenue as of December 31, 2016.		
1420.000	Customer Account Receivable	32,566.00	
3000.000	Retained Earnings		26,533.00
4600.000	Sales - Residential		6,033.00
Total		32,566.00	32,566.00
Proposed JE # 6002	Record accrued vacation.		
6800.000	Administrative Salaries	1,547.00	
2320.000	Accounts Payable		1,547.00
Total		1,547.00	1,547.00

Village of Mazomanie, Wisconsin
December 31, 2016
Electric

Account	Description	Debit	Credit
Proposed JE # 6001	Record estimate of unbilled revenue as of December 31, 2016.		
1420.000	Customer Accounts Receivable	203,645.00	
3000.000	Retained Earnings		186,989.00
4400.000	Residential Sales		16,656.00
Total		203,645.00	203,645.00
Proposed JE # 6002	To record additional sales tax payable amount.		
5810.000	Office Supplies	1,203.38	
2350.000	Sales Tax		1,203.38
Total		1,203.38	1,203.38
Proposed JE # 6003	Entry to record difference between public benefit cash accounts and public benefits fee payable.		
6071.000	Miscellaneous Expense	1,216.42	
2345.000	Public Benefit Fee Payable		1,216.42
Total		1,216.42	1,216.42

Prior Year Items

Interfund Receivables/Payables

Several large amounts are due between the general fund and the utilities. These amounts should be paid over to the appropriate fund(s).

2016 Update

This still applies for 2016.

Utility Payments on Account

Presently, utility payments are not reflected on the billing system on a daily basis. Utility receipts should be deposited and entered in the billing system on a daily basis. The daily receipts register from the billing system should match the deposit total.

2016 Update

This still applies for 2016.

Capitalization Policy

The Village's present capitalization policy for infrastructure is to capitalize all equipment of \$5,000 or more. During 2012, the cost of several pieces of equipment were not capitalized since the cost of each item did not exceed \$5,000.

If fixed asset information is to be useful to the Village in the future, the cost of various equipment and the date of purchase should include more equipment than is being capitalized under the present policy. The Village should consider reducing its capitalization policy for equipment to \$1,000.

2016 Update

This still applies for 2016.

Delinquent Personal Property Taxes

There are delinquent personal property tax bills greater than one year old. The Village is responsible for collection of delinquent personal property taxes. Each year, the Village should review delinquent personal property taxes to determine collectability. Delinquent personal property tax bills can be charged back to the various taxing districts, when the entity has ceased operations or filed a petition for bankruptcy or are due on personal property that has been removed from the next assessment roll. The bills in question are outside of the window, so the Village should determine whether the bills are collectable. If they are not collectable, the Village should approve writing off the bills.

2016 Update

Nine delinquent personal property tax bills remain from 2010-2014.

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

Prior Year Items (Continued)

Outstanding Checks

There are several outstanding checks outstanding greater than one year. The Village should review these checks and determine whether the checks should be voided and reissued.

2016 Update

One outstanding check remains on the reconciliation that was issued in 2014 for \$89. Several outstanding checks remain on the reconciliation that were issued in 2015 for a total of \$1,725. The remaining outstanding checks were written in 2016.

Budgeting

Presently, the general fund budget includes an amount for tax incremental revenue. The expenditures include any TIF related costs for debt service, etc. However, for 2015, the increment budgeted for TIF revenue exceeded the budgeted costs for the year. Therefore, any excess was used to reduce the overall tax levy by \$9,478. The excess of the tax increment should be accumulating to pay off the principal of any notes payable or advances due to other funds by the TIF district.

We recommend that the Village consider including a separate line in the general fund for the revenues and expenditures of each TIF district. As such, the revenues should never exceed the expenditures for each district.

2016 Update

This recommendation still applies for 2016. The total budgeted for tax incremental revenue for 2016 was \$229,972. The total budgeted debt service for the TIF district was \$220,423, resulting in a \$9,549 reduction in the overall tax levy.

Prior Year Items (Continued)

Tax Incremental Financing Law Changes

The State of Wisconsin recently passed four bills into law that affect Tax Incremental Financing Districts (TID). Some provisions that may affect the Village are as follows:

1. Changes the calculation of levy limit exceptions so that equalized value for the preceding year excludes the value of any TID increments for the year the TID terminates.
2. Effective October 1, 2016:
 - a. Requires Joint Review Board to meet July 1 each year or as soon as the updated annual report is available to review.
 - b. The Joint Review Board will remain in existence the entire time the TID exists with the same taxing jurisdictions.
 - c. The municipality must submit an electronic annual report of each existing TID to each overlying-taxing jurisdiction. Annual reports must be submitted to the WI Department of Revenue (DOR) beginning July 1, 2017. Any late reports will be assessed \$100 per day. The form of the annual report has yet to be established by the WI DOR but will include, along with others, the source of revenue and a list of expenditures by category of permissible project costs.
3. Municipalities may amend a TID project plan and request a three-year extension of the TID's life if the tax increments were impacted by 2013 Act 145, which increased state aid to technical colleges.
4. The Wisconsin DOR will provide a fiscal estimate if a bill will increase or decrease the increment allocation for TID's or if the effect is indeterminate.

The Village should be aware of these changes and their impact. Questions to consider include the following:

1. Will the Village prepare the annual report and submit it or will this be a service requested to be performed by the auditor? If the auditor prepares, the additional fee would be a TID eligible expense.
2. Is the Joint Review Board still in place or does one have to be re-established with new members?
3. What impact did 2013 Act 145 have on the Village's TID's' ability to collect sufficient increments? Should the project plan be amended to extend the life? If the life is extended, will that impact what projects are undertaken prior to the final date to incur project costs in the TID?

We are available to discuss the impact of these law changes on the Village's TIDs.

2016 Update

Johnson Block and Company, Inc. prepared the annual reports and Village personnel reviewed and approved. The reports were submitted within the prescribed time frame.

The Village should evaluate whether the remaining Tax Incremental Financing Districts are projected to repay project costs within their unextended maximum lives. The maximum life of District #4 is 2025 and the maximum life of District #5 is 2032. If costs are not projected to be repaid, we recommend the Village consider seeking a standard extension as allowed by state statutes.

We have assisted other municipalities in the extension process. A copy of an approved Joint Review Board resolution is required to be submitted to the Department of Revenue to extend the maximum life.

2016 Items

Disbursements

The Village paid \$41,097 for a fire station vehicle exhaust system from a quote rather than from an invoice. The Village should make payments based on proper supporting documentation (invoices, receipt, etc.). All invoices should be dated and cancelled when paid to avoid double payments. Quotes should only be used to estimate payments with the vendor or for management to make a decision regarding approval of bids, etc.

Delinquent Personal Property Taxes

Personal property taxes for one tax parcel were billed and collected twice. Procedures should be developed to ensure amounts are properly billed and collected. A summary of delinquent personal property taxes should be maintained that tracks delinquent parcels.

Bankrupt Utility Customer Balances

Utility customer accounts receivable includes balances totaling \$5,731 for customers that have gone bankrupt. These balances are not allowed to be placed on the tax roll. If they are not collectable, the Village should approve writing off the bills and a journal entry should be recorded to remove the balances from the accounts receivable.

Credit Cards

The Village has credit cards for use by personnel. We recommend the Village establish a written policy to help ensure that credit cards are used appropriately. We can provide a sample policy. The policy could detail the following:

- Procedure of submitting receipts or invoices for all credit card purchases.
- Discuss that credit card purchases may only be used in connection with Village business. Develop specific disallowances for personal items, or any other item or service deemed inconsistent with the values of the Village.
- Transaction spending limits for cardholders and prohibitions on splitting purchases to avoid exceeding an employee's authorized transaction limit.

State Debt Collection Program

A State Debt Collection (SDC) program allows municipalities to participate with the Department of Revenue (DOR) in collection of its debts. We recommend the Village evaluate whether any debts should be referred to this program for collection.

General Fund Balance

The Village's unassigned general fund balance is \$37,826 as of December 31, 2016. This represents 2.7% of the 2016 expenditures. Village policy is to maintain an unassigned fund balance of 18-22% of general fund expenditures. Total fund balance of the general fund is \$292,331 and represents 21% of 2016 general fund expenditures. A large component of general fund balance is advances owed from TIF #5 and the sewer utility. Advanced funds owed to the general fund are presented as nonspendable fund balance.

The sewer utility and general fund have established a repayment schedule for the advance to be repaid from 2018-2030. If revenues generated by TIF #5 in future years are in excess of its costs, the advance balance with the general fund will be reduced.

FORM OF LEGAL OPINION

(See following pages.)

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

May 30, 2018

Re: Village of Mazomanie, Wisconsin ("Issuer")
\$4,045,000 General Obligation Corporate Purpose Bonds, Series 2018A,
dated May 30, 2018 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$235,000	___%
2020	290,000	___
2021	365,000	___
2022	320,000	___
2023	320,000	___
2024	325,000	___
2025	340,000	___
2026	135,000	___
2027	145,000	___
2028	150,000	___
2029	155,000	___
2030	165,000	___
2031	165,000	___
2032	170,000	___
2033	180,000	___
2034	150,000	___
2035	160,000	___
2036	170,000	___
2037	105,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2019.

The Bonds maturing on May 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2026 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Mazomanie, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$4,045,000 General Obligation Corporate Purpose Bonds, Series 2018A, dated May 30, 2018 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on April 10, 2018 and May 8, 2018 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated May 9, 2018 delivered in connection with the Securities, which is available from the MSRB.

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

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

"Issuer" means the Village of Mazomanie, Dane County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk-Treasurer of the Issuer who can be contacted at 133 Crescent Street, Mazomanie, Wisconsin 53560, phone (608) 795-2100, fax (608) 795-2102.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

Section 5. Reporting of Listed Events.

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

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

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

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

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

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

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

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of

the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 30th day of May, 2018.

(SEAL)

Gary Harrop
President

Susan M. Dietzen
Village Clerk-Treasurer

NOTICE OF SALE

**\$4,045,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A
VILLAGE OF MAZOMANIE, WISCONSIN**

Bids for the purchase of \$4,045,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") of the Village of Mazomanie, Wisconsin (the "Village") will be received at the offices of Ehlers & 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 May 8, 2018, 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 at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, library projects, sewerage projects, consisting of storm sewer improvements, acquiring equipment for fire protection and parks and public grounds projects and for the purpose of current refunding certain outstanding obligations of the Village as more fully described in the Preliminary Official Statement. The Bonds are valid and binding 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 May 30, 2018, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$235,000	2026	\$135,000	2033	\$180,000
2020	290,000	2027	145,000	2034	150,000
2021	365,000	2028	150,000	2035	160,000
2022	320,000	2029	155,000	2036	170,000
2023	320,000	2030	165,000	2037	105,000
2024	325,000	2031	165,000		
2025	340,000	2032	170,000		

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 mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2019, 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 2019 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%.

PAYING AGENT

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

BOOK-ENTRY-ONLY FORMAT

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

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after May 1, 2027 shall be subject to optional redemption prior to maturity on May 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about May 30, 2018, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the 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") found in Appendix B.)

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

SUBMISSION OF BIDS

Bids must not be for less than \$4,000,505 nor more than \$4,287,700 plus accrued interest on the principal sum of \$4,045,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of \$80,900 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the 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 Purchaser fails to comply therewith.

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

No bid can be withdrawn after the time set for receiving bids unless the meeting of the 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

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

The winning bidder shall promptly advise the Village 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 representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, 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 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. The Village further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the underwriter selects the 10% test, the Underwriter agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) 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 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.

(g) 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 Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the 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 purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the Village to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Village Board

Susan Dietzen, Village Clerk/Treasurer
Village of Mazomanie, Wisconsin

BID FORM

Village Board
Village of Mazomanie, Wisconsin

May 8, 2018

RE: \$4,045,000* General Obligation Corporate Purpose Bonds, Series 2018A
DATED: May 30, 2018

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$4,000,505 nor more than \$4,287,700) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2019	_____ % due	2026	_____ % due	2033
_____ % due	2020	_____ % due	2027	_____ % due	2034
_____ % due	2021	_____ % due	2028	_____ % due	2035
_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031		
_____ % due	2025	_____ % due	2032		

* 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.

A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the Village.

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 2019 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%.

We enclose our Deposit in the amount of \$80,900, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. 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. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 30, 2018.

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 Official Statement 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 reoffering price of the Bonds within 24 hours of the bid acceptance.

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

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

If the competitive sale requirements are not met, we elect to use 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 May 30, 2018 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 Mazomanie, Wisconsin, on May 8, 2018.

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