

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 10, 2018

In the opinion of Husch Blackwell LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law interest on the Bonds is excluded 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

Rating Application Made: S&P Global Ratings

VILLAGE OF WINDSOR, WISCONSIN (Dane County)

\$5,975,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

BID OPENING: August 16, 2018, 10:00 A.M., C.T.

CONSIDERATION: August 16, 2018, 5:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,975,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") of the Village of Windsor, Wisconsin (the "Village") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of the purchase of fire/EMS equipment and public works equipment; recycling facility and public works building improvements; park improvements; and TID No. 1 projects, including conservancy management and stormwater projects. 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 Husch Blackwell LLP, Milwaukee, Wisconsin.

DATE OF BONDS: September 5, 2018

MATURITY: September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$105,000	2026	\$395,000	2033	\$325,000
2020	180,000	2027	400,000	2034	325,000
2021	165,000	2028	425,000	2035	325,000
2022	205,000	2029	430,000	2036	325,000
2023	185,000	2030	325,000	2037	340,000
2024	265,000	2031	325,000	2038	350,000
2025	255,000	2032	325,000		

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: March 1, 2019 and semiannually thereafter.

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

MINIMUM BID: \$5,900,313.

MAXIMUM BID: \$6,333,500.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$119,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Husch Blackwell LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the 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. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the Village, is contingent upon the sale of the issue.

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 Bonds are exempt or 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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VILLAGE OF WINDSOR VILLAGE BOARD

		<u>Term Expires</u>
Bob Wipperfurth	Village President	April 2019
Don Madelung	Village Trustee	April 2020
Bruce Stravinski	Village Trustee	April 2019
Monica Smith	Village Trustee	April 2020
Brad Mueller	Village Trustee	April 2019

ADMINISTRATION

Tina Butteris	Administrator
Christine Capstran	Clerk
Sindy Schwenn	Treasurer/Human Resources Benefits Manager

PROFESSIONAL SERVICES

Axley Brynelson, LLP, Village Attorney, Madison, Wisconsin

Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Windsor, Wisconsin (the "Village") and the issuance of its \$5,975,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds" or the "Obligations"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the sale of the Bonds ("Award Resolution") to be adopted by the Board of Trustees on August 16, 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 September 5, 2018. The Bonds will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 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 2020 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, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. 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 September 1, 2027 shall be subject to optional redemption prior to maturity on September 1, 2026 and on any date thereafter, at a price of par plus accrued interest.

* Preliminary, subject to change.

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of the purchase of fire/EMS equipment and public works equipment; recycling facility and public works building improvements; park improvements; and TID No. 1 projects, including conservancy management and stormwater projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$5,975,000	
Estimated Interest Earnings	<u>18,297</u>	
Total Sources		\$5,993,297
Uses		
Total Underwriter's Discount	\$74,687	
Costs of Issuance	61,450	
Deposit to Project Construction Fund	5,855,000	
Rounding Amount	<u>2,160</u>	
Total Uses		\$5,993,297

*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, irrepealable tax on all taxable property in the Village sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the Village will be issuing \$2,265,000* Taxable General Obligation Refunding Promissory Notes, Series 2018B (the "Concurrent Obligations" or the "Notes") on September 5, 2018.

RATING

General obligation debt of the Village, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

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

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the Village shall covenant to take certain actions pursuant to a Resolution adopted by the Board of Trustees by entering into a Continuing Disclosure Undertaking (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 this issue 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.

In the previous five years, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule.

A failure by the Village to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. 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 OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Husch Blackwell 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).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

Husch Blackwell 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 excluded from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the federal alternative minimum tax; such interest is, however, included in adjusted current earnings of certain corporations for purposes of computing federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date. 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 excluded 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, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. 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.

THE ABOVE DISCUSSION IS ONLY A BRIEF SUMMARY OF THE EFFECTS OF THE CODE, AND EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE TAX EFFECT ON THE ECONOMIC VALUE OF THE BONDS.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the Bonds) issued prior to enactment.

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, 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, and the draft basic financial statements of the Village for the fiscal year ended December 31, 2017, have been audited by Johnson Block and Company, Madison, Wisconsin, independent auditors (the "Auditor"). The Village expects delivery of the draft basic financial statements for the fiscal year ended December 31, 2017 substantially in the form attached hereto, but such financial statements are subject to final review by the Village. The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the 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.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2018 Preliminary Equalized Value ¹	\$910,980,300
2018 Preliminary Value Reduced by Tax Increment Valuation ¹	\$891,866,500
2017 Equalized Value	\$805,272,400
2017 Equalized Value Reduced by Tax Increment Valuation	\$800,304,800
2017 Assessed Value	\$835,347,800

EQUALIZED VALUE BY CLASSIFICATION

	2018 Preliminary Equalized Value	2017 Equalized Value	Percent of Total 2017 Equalized Value
Residential	\$780,329,700	\$688,794,000	85.536%
Commercial	92,018,400	72,059,900	8.949%
Manufacturing	8,320,000	8,293,100	1.030%
Agricultural	3,347,400	3,411,400	0.424%
Undeveloped	1,266,400	1,119,600	0.139%
Ag Forest	328,500	342,000	0.042%
Forest	63,000	76,500	0.010%
Other	22,439,300	23,632,600	2.935%
Personal Property	<u>2,867,600</u>	<u>7,543,300</u>	<u>0.937%</u>
Total	\$910,980,300	<u>\$ 805,272,400</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value²	Percent Increase/Decrease in Equalized Value
2013	\$ 581,683,600	\$ 570,888,000	3.11%
2014	597,325,000	614,505,900	7.64%
2015	616,541,500	672,754,500	9.48%
2016	641,073,400	717,943,200	6.72%
2017	835,347,800	805,272,400	12.16%
2018	Not available	910,980,300	13.13%

Source: DOR, Bureau of Equalization and Local Government Services Bureau.

¹ Preliminary 2018 Equalized Value for the Village released by the Wisconsin Department of Revenue (“DOR”), subject to review and revision. The DOR is expected to release the final 2018 Equalized Value on August 15, 2018.

² Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2017 Equalized Value¹	Percent of Village's Total Equalized Value
Moeller Properties LLC	Commercial truck sales	\$ 12,555,404	1.56%
Individual	Rental properties	5,425,080	0.67%
North Town Homes LLC	Apartment rentals	5,293,685	0.66%
WISL Investments Inc	Parkside assisted living	4,453,162	0.55%
Windsor Commons LLC	Apartment rentals	3,781,824	0.47%
Windsor Golf Ventures	Golf course	3,675,397	0.46%
RSQ LLC (Clack Corp.)	Office molded plastics	3,082,528	0.38%
Meyer Holding LLC (Neesvig's)	Meat, seafood, cheese supplier	2,780,985	0.35%
Gavilon Grain LLC	Apartment rentals	2,772,502	0.34%
Windsor Pond LLC	Grain storage and distribution	2,349,686	0.29%
Total		\$ 46,170,253	5.73%
Village's Total 2017 Equalized Value ²		\$805,272,400	

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 (includes the Bonds and the Concurrent Obligations, as defined herein)*

General Obligation Debt (see schedules following)

Total General Obligation Debt*	<u><u>\$16,500,000</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by water revenues	<u><u>\$430,561</u></u>
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*Preliminary, subject to change.

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

VILLAGE OF WINDSOR, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 5, 2018)

Dated Amount	GO Prom Notes Series 2012A		GO Prom Notes		GO Prom Notes Series 2015A		GO Ref Bonds Series 2015C		GO Ref Bonds Series 2016A		GO Prom Notes Series 2017	
	10/11/2012 \$2,075,000	10/1	3/19/2015 \$500,000	3/31	7/16/2015 \$2,160,000	6/1	10/7/2015 \$3,000,000	10/1	6/21/2016 \$1,970,000	3/1	2/2/2017 \$550,000	2/1
Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal Year Ending												
2018	225,000	2,431	50,000	8,028	200,000	13,031		58,047				
2019	200,000	2,500	50,000	6,793	275,000	24,813		116,094	305,000	30,360	55,000	13,118
2020			50,000	5,558	275,000	21,569	75,000	116,094	100,000	26,060	55,000	11,660
2021			50,000	4,323	275,000	17,375	100,000	113,844	100,000	23,560	55,000	10,230
2022			50,000	3,088	250,000	12,925	125,000	110,844	100,000	21,060	55,000	8,745
2023			50,000	1,853	200,000	8,675	125,000	107,094	105,000	18,366	55,000	7,288
2024			50,000	618	150,000	5,063	125,000	103,344	110,000	15,410	55,000	5,830
2025			50,000		150,000	1,725	150,000	98,344	110,000	12,385	55,000	4,384
2026							175,000	92,344	115,000	9,291	55,000	2,915
2027							200,000	85,344	120,000	6,060	55,000	1,458
2028							200,000	77,344	120,000	3,150		
2029							200,000	69,344	90,000	945		
2030							225,000	61,344				
2031							225,000	52,344				
2032							250,000	43,344				
2033							275,000	33,344				
2034							275,000	22,344				
2035							275,000	11,344				
	425,000	4,931	350,000	30,258	1,500,000	105,175	3,000,000	1,372,141	1,365,000	166,648	495,000	65,627

Continued on next page.

VILLAGE OF WINDSOR, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 5, 2018)

Dated Amount	GO Ref Bonds Series 2017A		GO Corp Purp Bonds, Series 2018A		Tax GO Ref Notes, Series 2018B		Year
	7/12/2017	9/5/2018	9/5/2018	9/5/2018	9/5/2018	9/5/2018	
Maturity	3/1	9/1	9/1	9/1	9/1	9/1	
Fiscal Year Ending	Principal	Interest	Principal*	Interest*	Principal*	Interest*	
2018							2018
2019	60,000	25,720	105,000	198,628	450,000	77,526	2019
2020	60,000	24,925	180,000	198,655	450,000	63,773	2020
2021	65,000	24,019	165,000	194,515	450,000	48,698	2021
2022	65,000	22,995	205,000	190,390	455,000	33,173	2022
2023	65,000	21,890	185,000	184,958	460,000	17,020	2023
2024	65,000	20,688	265,000	179,870			2024
2025	65,000	19,388	255,000	172,185			2025
2026	70,000	17,950	395,000	164,408			2026
2027	70,000	16,375	400,000	151,965			2027
2028	70,000	14,713	425,000	139,165			2028
2029	60,000	13,088	430,000	125,353			2029
2030	65,000	11,444	325,000	110,948			2030
2031	65,000	9,656	325,000	99,573			2031
2032	65,000	7,788	325,000	88,035			2032
2033	70,000	5,763	325,000	76,335			2033
2034	70,000	3,575	325,000	64,310			2034
2035	75,000	1,219	325,000	52,123			2035
			340,000	39,773			2036
			350,000	27,260			2037
				14,000			2038
	1,125,000	261,193	5,975,000	2,472,446	2,265,000	240,189	
			16,500,000	4,718,606	16,500,000	2,218,606	

* Preliminary, subject to change.

VILLAGE OF WINDSOR, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 5, 2018)

SDWF Loan
Series 2013

Dated Amount	6/12/2013 \$532,103							
Maturity	5/1							
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
2018		2,486	0	2,486	2,486	430,561	0.00%	2018
2019	26,454	4,820	26,454	4,820	31,275	404,107	6.14%	2019
2020	26,760	4,513	26,760	4,513	31,273	377,347	12.36%	2020
2021	27,069	4,202	27,069	4,202	31,271	350,278	18.65%	2021
2022	27,382	3,888	27,382	3,888	31,269	322,896	25.01%	2022
2023	27,698	3,569	27,698	3,569	31,267	295,198	31.44%	2023
2024	28,018	3,248	28,018	3,248	31,266	267,180	37.95%	2024
2025	28,341	2,922	28,341	2,922	31,264	238,839	44.53%	2025
2026	28,669	2,593	28,669	2,593	31,262	210,170	51.19%	2026
2027	29,000	2,260	29,000	2,260	31,260	181,170	57.92%	2027
2028	29,335	1,923	29,335	1,923	31,258	151,835	64.74%	2028
2029	29,674	1,582	29,674	1,582	31,256	122,162	71.63%	2029
2030	30,016	1,238	30,016	1,238	31,254	92,145	78.60%	2030
2031	30,363	889	30,363	889	31,252	61,782	85.65%	2031
2032	30,714	536	30,714	536	31,250	31,069	92.78%	2032
2033	31,069	179	31,069	179	31,248	0	100.00%	2033
			430,561	40,849	471,410			

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value ¹	\$910,980,300
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 45,549,015
Less: General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	<u>(16,500,000)</u>
Unused Debt Limit*	<u><u>\$ 29,049,015</u></u>

* Preliminary, subject to change.

OVERLAPPING DEBT²

Taxing District	2017 Equalized Value	% In Village	Total G.O. Debt³	Village's Proportionate Share
Dane County	\$ 60,784,157,550	1.3248%	\$ 303,970,000	\$ 4,026,995
Madison Metro Sewerage District	45,284,126,553	1.0090%	126,372,140	1,275,095
DeForest Area School District	2,504,226,488	31.5430%	42,340,000	13,355,306
Sun Prairie School District	4,665,117,642	0.3293%	214,365,000	705,904
Madison Area Technical College District	83,702,047,239	0.9621%	158,495,000	<u>1,524,880</u>
Village's Share of Total Overlapping Debt				<u><u>\$20,888,180</u></u>

¹ Preliminary 2018 Equalized Value for the Village released by the Wisconsin Department of Revenue (“DOR”), subject to review and revision. The DOR is expected to release the final 2018 Equalized Value on August 15, 2018.

² 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.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$805,272,400	Debt/ Per Capita 7,430¹
Total General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	\$ 16,500,000	2.05%	\$ 2,220.73
Village's Share of Total Overlapping Debt	<u>20,888,180</u>	<u>2.59%</u>	<u>2,811.33</u>
Total*	\$ 37,388,180	4.64%	\$ 5,032.06

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Aside from the Concurrent Obligations, the Village has no current plans for additional financing in the next 12 months.

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	\$2,993,086	100%	\$5.24
2014/15	3,144,293	100%	5.12
2015/16	3,236,482	100%	5.65
2016/17	3,511,330	100%	4.89
2017/18	3,774,912	[In process]	4.72

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	\$13.05	\$3.51	\$5.24	\$0.45	\$22.25
2014/15	12.14	3.53	5.12	0.50	21.29
2015/16	14.25	4.21	5.65	0.53	24.64
2016/17	11.95	3.52	4.89	0.17	20.53
2017/18	11.08	3.54	4.72	0.00	19.34

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

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.

majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

THE ISSUER

VILLAGE GOVERNMENT

The Village was established as a Town in 1840 and incorporated as a Village on November 9, 2015 and is governed by a five-member Board of Trustees, of which the Village President is a voting member. All are elected to two-year terms. The appointed Administrator, Clerk and Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 15 full-time, 77 part-time, and three seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are required to contribute half of the actuarially determined contributions, and the Village may not pay the employees' required contribution. During the reporting period, the WRS recognized \$54,766 in contributions from the Village.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2017.

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, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position of the WRS was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 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 2017, the Village reported a liability of \$48,580 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 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 0.00589392% of the aggregate WRS net pension asset as of December 31, 2016.

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 "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.

The Village has no active collective bargaining units.

OTHER POST EMPLOYMENT BENEFITS

The Village does not provide any other post employment benefits.

LITIGATION

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

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 Obligations 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 Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations 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 Obligations.

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 Obligations would not occur.

FUNDS ON HAND (as of June 30, 2018)

Fund	Total Cash and Investments
DMB Checking	\$ 264,101
DMB Checking CDA	283,200
DMB UD1 CDs	61,595
Settlers Bank Checking	82,659
Settlers Bank Municipal Money Market	504,065
Settlers Reich and Tang	4,553,242
LGIP - Sewer Reserve/Replacement	731,087
LGIP - Water Reserve/Replacement	566,318
LGIP - Water Impact Fees	35,752
LGIP - Water Capital Projects	230,531
TD Ameritrade Investments	<u>1,238,687</u>
Total Funds on Hand	<u>\$ 8,551,237</u>

ENTERPRISE FUNDS

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

	2015	2016	2017 draft
Water Utility District #1			
Total Operating Revenues	\$ 481,927	\$ 500,782	\$614,883
Less: Operating Expenses	<u>(341,490)</u>	<u>(392,205)</u>	<u>(700,074)</u>
Operating Income	\$ 140,437	\$ 108,577	\$ (85,191)
Plus: Depreciation	\$ 143,711	176,586	238,613
Interest Income	<u>\$ 1,508</u>	<u>6,887</u>	<u>13,599</u>
Revenues Available for Debt Service	<u><u>\$ 285,656</u></u>	<u><u>\$ 292,050</u></u>	<u><u>\$ 167,021</u></u>
Water Utility District #2			
Total Operating Revenues	\$ 87,851	\$ 129,616	
Less: Operating Expenses	<u>(102,321)</u>	<u>\$ (167,729)</u>	
Operating Income	\$ (14,470)	\$ (38,113)	
Plus: Depreciation	\$ 39,975	\$ 49,576	
Interest Income	<u>\$ 86</u>	<u>\$ 290</u>	
Revenues Available for Debt Service	<u><u>\$ 25,591</u></u>	<u><u>\$ 11,753</u></u>	
Sewer Utility District #1			
Total Operating Revenues	\$ 602,374	\$ 550,413	\$ 669,855
Less: Operating Expenses	<u>(537,398)</u>	<u>(577,857)</u>	<u>(700,191)</u>
Operating Income	\$ 64,976	\$ (27,444)	\$ (30,336)
Plus: Depreciation	52,231	87,519	125,587
Interest Income	<u>1,097</u>	<u>3,140</u>	<u>6,582</u>
Revenues Available for Debt Service	<u><u>\$ 118,304</u></u>	<u><u>\$ 63,215</u></u>	<u><u>\$ 101,833</u></u>

* In 2017, the Village established the Windsor Water and Sewer Utilities to account for all water and sewer utility operations. All assets, deferred outflows, liabilities and deferred inflows were transferred from the four original utility district funds to the new funds. As of the date the Water and Sewer Utilities were created the former Utility District ceased to exist. A transfer was recorded to reflect the close out of the old utility districts. See Appendix A.

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 and 2017 draft audited Financial Statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Draft Audited ¹	2018 Adopted Budget ²
Revenues					
Property taxes	\$ 1,658,520	\$ 1,777,569	\$ 1,847,611	\$ 1,918,459	\$ 1,926,132
Other taxes	64,988	70,768	63,972	81,982	110,304
Special assessment revenue	0	0	0	0	0
Intergovernmental	288,899	278,173	302,946	320,707	342,531
Licenses and permits	198,530	216,343	303,455	326,959	248,425
Fines, forfeits and penalties	10,607	13,239	20,705	13,247	15,400
Public charges for services	455,633	743,605	961,560	512,268	442,461
Interest income	13,885	15,468	19,911	19,990	15,000
Miscellaneous general revenues	19,815	25,516	192,506	57,015	13,800
Total Revenues	\$ 2,710,877	\$ 3,140,681	\$ 3,712,666	\$ 3,250,627	\$ 3,114,053
Expenditures					
Current:					
General government	\$ 621,453	\$ 766,056	\$ 856,250	\$ 806,580	\$ 942,605
Public safety	683,116	849,689	826,754	760,998	847,158
Public works	781,057	799,931	798,319	912,748	993,263
Health and social services	0	379,455	0	0	0
Culture and recreation	311,941	99,902	459,968	706,762	262,507
Conservation and development	90,536	0	169,184	76,503	23,160
Capital outlay	0	0	0	0	0
Debt service	0	1,412	0	0	0
Total Expenditures	\$ 2,488,103	\$ 2,896,445	\$ 3,110,475	\$ 3,263,591	\$ 3,068,693
Excess of revenues over (under) expenditures	\$ 222,774	\$ 244,236	\$ 602,191	\$ (12,964)	\$ 45,360
Other Financing Sources (Uses)					
Proceeds of long-term debt	0	121,350	0	0	0
Operating transfers in	52,585	0	0	0	0
Operating transfers out	(46,669)	(47,782)	(72,790)	(298,235)	(48,960)
Total Other Financing Sources (Uses)	\$ 5,916	\$ 73,568	\$ (72,790)	\$ (298,235)	\$ (48,960)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 228,690	\$ 317,804	\$ 529,401	\$ (311,199)	\$ (3,600)
General Fund Balance January 1	1,053,268	1,281,958	1,599,762	2,129,163	1,817,964
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 1,281,958	\$ 1,599,762	\$ 2,129,163	\$ 1,817,964	\$ 1,814,364
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	2,354	117	173,447	297,663	
Restricted	47,490	186,017	477,960	786,051	
Committed	6,686	12,329	17,250	21,713	
Assigned	1,800	100,000	480,000	125,741	
Unassigned	1,223,628	1,301,299	980,506	586,796	
Total	\$ 1,281,958	\$ 1,599,762	\$ 2,129,163	\$ 1,817,964	\$ 0

¹ Unaudited data is as of December 31, 2017.

² The 2018 budget was adopted on November 28, 2017.

GENERAL INFORMATION

LOCATION

The Village, with a 2010 U.S. Census population of 6,345 and a current estimated population of 7,430 comprises an area of 30.8 square miles and is located approximately 10 miles north of the City of Madison. The Town was incorporated in 1840 and became a Village in 2015.

LARGER EMPLOYERS¹

Larger employers in the area include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Walgreens Distribution	Distribution	1,200
DeForest Area School District	School	466
EVCO Plastics	Plastic & rubber product manufacturing	300
Coca-cola Bottling Company	Beverages (Wholesaler)	200
WP Beverages/Pepsi	Beverages (Wholesaler)	195
Clack Corporation	Manufacturing and distributing	193
ABS Global	Livestock breeders	175
Ball Metal Food & Household Products	Metal cans (Manufacturer)	175
Neesvigs Meats	Food Service	100
North American Mechanical Inc.	Mechanical Contractors	60
Lake Windsor Golf Club	Golf Course	75
Great Lakes Packaging	Corrugated and Solid Fiber Box Manufacturer	75

Source: *ReferenceUSA, written and telephone survey (July 2018), Wisconsin Manufacturers Register, DeForest Windsor Economic Development 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.

BUILDING PERMITS

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	60	73	82	75	50
Valuation	\$14,679,328	\$20,449,866	\$26,422,906	\$25,938,814	\$18,603,429
<u>New Multiple Family Buildings</u>					
No. of building permits	5	3	8	8	12
Valuation	\$1,607,000	\$2,311,590	\$6,070,000	\$12,749,426	\$4,270,000
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	7	2	1
Valuation	\$0	\$10,792,325	\$2,976,015	\$1,193,279	\$700,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	261	303	388	481	249
Valuation	\$19,655,578	\$37,760,612	\$55,757,671	\$48,413,931	\$29,234,971

Source: The Village.

¹ As of July 26, 2018.

U.S. CENSUS DATA

Population Trend: Village of Windsor

2000 U.S. Census	5,286
2010 U.S. Census	6,345
2017 Estimated Population	7,430
Percent of Change 2000 - 2010	20.03%

Income and Age Statistics

	Village of Windsor	Dane County	State of Wisconsin	United States
2016 per capita income	\$42,024	\$35,687	\$29,253	\$29,829
2016 median household income	\$91,216	\$64,773	\$54,610	\$55,322
2016 median family income	\$101,566	\$87,373	\$69,925	\$67,871
2016 median gross rent	\$978	\$942	\$789	\$928
2016 median value owner occupied units	\$257,900	\$236,000	\$167,000	\$184,700
2016 median age	40.3 yrs.	34.7 yrs.	39.1 yrs.	37.7 yrs.
		State of Wisconsin	United States	
Village % of 2016 per capita income		143.66%	140.88%	
Village % of 2016 median family income		145.25%	149.65%	

Housing Statistics

	<u>Village of Windsor</u>		
	2000	2016	Percent of Change
All Housing Units	978	2,587	164.52%

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	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, June	317,917		2.8%	3.4%

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.

DRAFT



Windsor

Growing Forward

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Windsor
DeForest, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Windsor, Wisconsin, as of and for the year ended December 31, 2017, 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, each major fund, and the aggregate remaining fund information of the Village of Windsor, as of December 31, 2017, 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 management's discussion and analysis on page i through xii, and the Wisconsin Retirement System schedules and budgetary comparison information 48 through 50 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Windsor, Wisconsin'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 combining and individual nonmajor fund financial statements and the debt repayment summaries are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block and Company, Inc.
Certified Public Accountants
Madison, Wisconsin
DATE

VILLAGE OF WINDSOR

Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Equivalents	\$ 4,548,698	\$ 2,352,554	\$ 6,901,252
Receivables	4,381,309	128,609	4,509,918
Due (to) from Fiduciary Funds	20,476	-	20,476
Inventories	-	25,409	25,409
Prepaid Expenses	455	71	526
Total Current Assets	<u>8,950,938</u>	<u>2,506,643</u>	<u>11,457,581</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	554,010	630,763	1,184,773
Total Restricted Assets	<u>554,010</u>	<u>630,763</u>	<u>1,184,773</u>
Capital Assets:			
Land, Improvements, Construction in Process and Infrastructure in Process	5,658,688	1,072,746	6,731,434
Other Capital Assets, Net of Depreciation	13,757,248	13,943,208	27,700,456
Total Capital Assets	<u>19,415,936</u>	<u>15,015,954</u>	<u>34,431,890</u>
Other Non-Current Assets:			
Land Held for Resale	3,508,219	-	3,508,219
Investment in Joint Ventures	1,459,705	-	1,459,705
Total Other Non-Current Assets	<u>4,967,924</u>	<u>-</u>	<u>4,967,924</u>
Total Assets	<u>33,888,808</u>	<u>18,153,360</u>	<u>52,042,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	197,353	44,332	241,685
Total Deferred Outflows	<u>197,353</u>	<u>44,332</u>	<u>241,685</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 34,086,161</u>	<u>\$ 18,197,692</u>	<u>\$ 52,283,853</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 231,830	\$ 354,023	\$ 585,853
Due to Other Governmental Agencies	31	-	31
Accrued Interest Payable	89,999	22,502	112,501
Current Portion of Long-Term Debt	1,411,115	166,152	1,577,267
Total Current Liabilities	<u>1,732,975</u>	<u>542,677</u>	<u>2,275,652</u>
Non-Current Liabilities:			
Net Pension Liability	26,054	5,543	31,597
Long-Term Debt	9,872,541	2,732,471	12,605,012
Compensated absences	37,267	-	37,267
Total Non-Current Liabilities	<u>9,935,862</u>	<u>2,738,014</u>	<u>12,673,876</u>
Total Liabilities	<u>11,668,837</u>	<u>3,280,691</u>	<u>14,949,528</u>
DEFERRED INFLOWS OF RESOURCES			
Regulatory Credit	-	60,537	60,537
Tax Levy	4,291,166	-	4,291,166
Deferred Pension Inflows	83,934	22,765	106,699
Other	743	738	1,481
Total Deferred Inflows of Resources	<u>4,375,843</u>	<u>84,040</u>	<u>4,459,883</u>
NET POSITION			
Net Investment in Capital Assets	14,004,022	12,644,518	26,648,540
Restricted	1,755,095	103,576	1,858,671
Unrestricted	2,282,364	2,084,867	4,367,231
Total Net Position	<u>18,041,481</u>	<u>14,832,961</u>	<u>32,874,442</u>
Total Net Position, Liabilities and Deferred Inflows	<u>\$ 34,086,161</u>	<u>\$ 18,197,692</u>	<u>\$ 52,283,853</u>

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 957,314	\$ 114,233	\$ -	\$ -	\$ (843,081)	\$ -	\$ (843,081)
Public Safety	777,562	360,403	29,354	-	(387,805)	-	(387,805)
Public Works	1,981,645	411,845	220,935	173,872	(1,174,993)	-	(1,174,993)
Health, Welfare and Sanitation	-	-	258	-	258	-	258
Culture, Recreation and Education	453,699	100,121	-	-	(353,578)	-	(353,578)
Conservation and Development	101,586	1,410	-	952,497	852,321	-	852,321
Interest on Long-Term Debt	380,788	-	-	-	(380,788)	-	(380,788)
Total Governmental Activities	4,652,594	988,012	250,547	1,126,369	(2,287,666)	-	(2,287,666)
Business-Type Activities							
Water Utility #1	33,539	528	-	9,000	-	\$ (24,011)	(24,011)
Sewer Utility #1	-	-	-	-	-	-	-
Water Utility #2	746	129	-	-	-	(617)	(617)
Sewer Utility #2	-	-	-	-	-	-	-
Windsor Water Utility	818,964	673,645	-	771,933	-	626,614	626,614
Windsor Sewer Utility	700,426	671,476	-	324,795	-	295,845	295,845
Total Business-Type Activities	1,553,675	1,345,778	-	1,105,728	-	897,831	897,831
Total Primary Government	\$ 4,652,594	\$ 988,012	\$ 250,547	\$ 1,126,369	(2,287,666)	897,831	(1,389,835)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,990,504	-	1,990,504
Property taxes, levied for debt service					1,522,874	-	1,522,874
Room taxes					22,802	-	22,802
Other taxes					59,180	-	59,180
Grants and contributions not restricted to specific programs					70,160	-	70,160
Unrestricted investment earnings					53,058	20,181	73,239
Miscellaneous					69,922	15,375	85,295
<i>Special item</i> - gain(loss) on sale of assets					104,976	-	104,976
Total General Revenues and Special Items					3,893,476	35,554	3,929,030
Change in Net Position					1,605,810	933,385	2,539,195
Net Position - Beginning					16,435,671	13,899,576	30,335,247
Net Position - Ending					\$ 18,041,481	\$ 14,832,961	\$ 32,874,442

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Debt Service	TIF District #1	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,577,204	\$ 1,925,156	\$ -	\$ 533,487	\$ 512,851	\$ 4,548,698
Restricted Cash	-	-	-	-	554,010	554,010
Receivables:						
Taxes	2,484,503	1,644,580	95,889	-	80,000	4,304,972
Special Assessments	9,217	-	-	-	-	9,217
Other	18,885	-	-	-	91,714	110,599
Due from Other Funds	48,814	-	-	-	-	48,814
Prepaid Expenses	455	-	-	-	-	455
Advances Receivable	297,208	-	-	-	-	297,208
Total Assets	\$ 4,436,286	\$ 3,569,736	\$ 95,889	\$ 533,487	\$ 1,238,575	\$ 9,873,973

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES (DEFICITS)

Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 137,634	\$ -	\$ 107,173	\$ 17,731	\$ 12,771	\$ 275,309
Due to Other Funds	-	-	-	-	28,338	28,338
Advances Payable	-	-	297,208	-	-	297,208
Payable to Other Governments	31	-	-	-	-	31
Total Liabilities	137,665	-	404,381	17,731	41,109	600,886
Deferred Inflows:						
Tax Levy	2,470,697	1,644,580	95,889	-	80,000	4,291,166
Special Changes	9,839	-	-	-	-	9,839
Other	121	-	-	-	-	121
Total Deferred Inflows	2,480,657	1,644,580	95,889	-	80,000	4,301,126
Fund Balances (Deficits):						
Nonspendable	297,663	-	-	-	-	297,663
Restricted	786,051	-	-	515,756	890,030	2,191,837
Committed	21,713	-	-	-	-	21,713
Assigned	125,741	1,925,156	-	-	227,436	2,278,333
Unassigned (Deficit)	586,796	-	(404,381)	-	-	182,415
Total Fund Balances	1,817,964	1,925,156	(404,381)	515,756	1,117,466	4,971,961
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 4,436,286	\$ 3,569,736	\$ 95,889	\$ 533,487	\$ 1,238,575	\$ 9,873,973

See accompanying notes to the basic financial statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total fund balance, governmental funds \$ 4,971,961

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 19,415,936

Land held for resale is capitalized on government-wide financial statements but is recorded as an expenditure when purchased on the fund financial statements. This is the amount after adjustment for sales of land. 3,508,219

Certain other deferred inflows that are not available to pay current period expenditures and therefore are not recognized as revenue in this fund financial statement, but are accrued in the governmental activities of the Statement of Net Position. This amount represents deferred special assessments and fire district and community center loan repayments. 9,217

Investment in joint ventures are not financial resources and, therefore, are not reported in the fund statements. This amount represents the current investment in the fire district and community center. 1,459,705

The net pension liability is not due and payable in current period and, therefore, is not reported in the fund statements. (26,054)

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. 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	197,353	
Deferred inflows of resources	<u>(83,934)</u>	113,419

Some liabilities, (such as Long-Term Debt and Accrued Interest), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Current portion of Long-Term Debt	(1,411,115)	
Non-current portion of Long-Term Debt	(9,831,044)	
Net Discount (Premium) on Long-Term Debt	(41,497)	
Compensated Absences	(37,267)	
Accrued Interest	<u>(89,999)</u>	<u>(11,410,922)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 18,041,481

VILLAGE OF WINDSOR

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017**

	General Fund	Debt Service	TIF District #1	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 1,918,459	\$ 1,522,874	\$ 2,045	\$ -	\$ 70,000	\$ 3,513,378
Other Taxes	81,982	-	-	-	-	81,982
Intergovernmental	320,707	-	-	-	-	320,707
License and Permits	326,959	-	-	-	180,101	507,060
Fines, Forfeits and Penalties	13,247	-	-	-	-	13,247
Public Charges for Services	512,268	-	-	-	66,030	578,298
Interest Income	19,990	13,882	-	4,839	2,999	41,710
Miscellaneous Income	57,015	63,652	-	-	52,210	172,877
Total Revenues	<u>3,250,627</u>	<u>1,600,408</u>	<u>2,045</u>	<u>4,839</u>	<u>371,340</u>	<u>5,229,259</u>
EXPENDITURES						
Current:						
General Government	806,580	1,159	7,328	1,349	68,792	885,208
Public Safety	760,998	-	-	-	135,545	896,543
Public Works	912,748	-	-	-	156,945	1,069,693
Culture, Recreation and Education	706,762	-	-	50,000	-	756,762
Conservation and Development	76,503	-	-	-	20,066	96,569
Capital Outlay	-	-	54,206	840,980	132,677	1,027,863
Debt Service	-	-	-	-	-	1,469,818
Principal Repayment	-	1,469,818	-	-	-	390,374
Interest Expense & Fiscal Charges	-	274,280	116,094	-	-	6,592,830
Total Expenditures	<u>3,263,591</u>	<u>1,745,257</u>	<u>177,628</u>	<u>892,329</u>	<u>514,025</u>	<u>6,592,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,964)</u>	<u>(144,849)</u>	<u>(175,583)</u>	<u>(887,490)</u>	<u>(142,685)</u>	<u>(1,363,571)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Assets	-	182,499	-	-	-	182,499
Proceeds from Long-Term Debt	-	-	-	550,000	-	550,000
Transfers In	-	-	-	-	298,235	298,235
Transfers Out	(298,235)	-	-	-	-	(298,235)
Total Other Financing Sources and Uses	<u>(298,235)</u>	<u>182,499</u>	<u>-</u>	<u>550,000</u>	<u>298,235</u>	<u>732,499</u>
Net Change in Fund Balances	<u>(311,199)</u>	<u>37,650</u>	<u>(175,583)</u>	<u>(337,490)</u>	<u>155,550</u>	<u>(631,072)</u>
Fund Balances (Deficit) - Beginning	2,129,163	1,887,506	(228,798)	853,246	961,916	5,603,033
Fund Balances (Deficit) - Ending	<u>\$ 1,817,964</u>	<u>\$ 1,925,156</u>	<u>\$ (404,381)</u>	<u>\$ 515,756</u>	<u>\$ 1,117,466</u>	<u>\$ 4,971,961</u>

See accompanying notes to the basic financial statements

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017**

Net change in fund balances - total governmental funds:	\$ (631,072)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which depreciation (\$970,252) was less than capital outlays (\$1,326,907) in the current period.	356,655
Contributions of capital assets are recorded on the Statement of Net Position as an asset and as revenue in the statement of activities.	952,497
The proportionate share of the change in net position related to joint ventures reported in the statement of activities.	139,994
Compensated absences are 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.	
Change in compensated absences	(17,577)
The Statement of Activities reports only the net gain or (loss) on the sale of the land held for resale. The amount indicated here is the recovery of the basis on the sale of the land held for resale.	(77,523)
Governmental funds record revenues when they are available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This amount represents revenue recorded on the fund financial statements that was accrued in previous years.	(38,990)
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of principal repayments on debt (\$1,410,000) and principal payments on capital leases (\$59,819) less current year proceeds (\$550,000) during the year.	919,819
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest	13,719
Amortization of debt discount not reflected on Governmental funds	(4,133)
Amortization of debt premium not reflected on Governmental funds	11,553
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.	
Amount of current year required contributions into the defined benefit pension plan	54,766
Actuarially determined change in net pension asset between years, with adjustments	<u>(73,898)</u>
Change in Net Position of governmental activities	<u>\$ 1,605,810</u>

VILLAGE OF WINDSOR

Statement of Net Position
Proprietary Funds
December 31, 2017

	Enterprise Funds			Total
	Windsor Water Utility	Windsor Sewer Utility	Non-Major Proprietary Funds	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 633,249	\$ 1,719,305	\$ -	\$ 2,352,554
Receivables:				
Accounts	66,704	61,905	-	128,609
Inventories	25,409	-	-	25,409
Prepaid Expenses	33	38	-	71
Total Current Assets	<u>725,395</u>	<u>1,781,248</u>	<u>-</u>	<u>2,506,643</u>
Restricted Assets:				
Restricted Cash and Cash Equivalents	630,763	-	-	630,763
Total Restricted Assets	<u>630,763</u>	<u>-</u>	<u>-</u>	<u>630,763</u>
Capital Assets:				
Land and Improvements	1,019,721	53,025	-	1,072,746
Construction Work in Progress	-	-	-	-
Other Capital Assets	11,547,006	6,819,114	-	18,366,120
Less: Accumulated Depreciation	(2,276,206)	(2,146,706)	-	(4,422,912)
Net Capital Assets	<u>10,290,521</u>	<u>4,725,433</u>	<u>-</u>	<u>15,015,954</u>
Total Assets	<u>11,646,679</u>	<u>6,506,681</u>	<u>-</u>	<u>18,153,360</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	34,913	9,419	-	44,332
Total Deferred Outflows of Resources	<u>34,913</u>	<u>9,419</u>	<u>-</u>	<u>44,332</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,681,592</u>	<u>\$ 6,516,100</u>	<u>\$ -</u>	<u>\$ 18,197,692</u>

VILLAGE OF WINDSOR

Statement of Net Position
 Proprietary Funds
 December 31, 2017

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	Enterprise Funds			
	Windsor Water Utility	Windsor Sewer Utility	Non-Major Proprietary Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 244,046	\$ 109,402	\$ -	\$ 353,448
Accrued Interest Payable	22,435	67	-	22,502
Current Portion of G.O. and Revenue Bonds Payable	166,152	-	-	166,152
Total Current Liabilities	<u>433,208</u>	<u>109,469</u>	<u>-</u>	<u>542,677</u>
Non-Current Liabilities:				
Net Pension Liability	4,365	1,178	-	5,543
Long-Term Debt:				
G.O. and Revenue Bonds Payable	2,732,471	-	-	2,732,471
Total Long-Term Debt	<u>2,732,471</u>	<u>-</u>	<u>-</u>	<u>2,732,471</u>
Total Non-Current Liabilities	<u>2,736,836</u>	<u>1,178</u>	<u>-</u>	<u>2,738,014</u>
Total Liabilities	<u>3,170,044</u>	<u>110,647</u>	<u>-</u>	<u>3,280,691</u>
DEFERRED INFLOWS OF RESOURCES				
Other Deferred Credits	60,537	-	-	60,537
Deferred Pension Inflows	17,928	4,837	-	22,765
Deferred Inflows - Other	-	738	-	738
Total Deferred Inflows of Resources	<u>78,465</u>	<u>5,575</u>	<u>-</u>	<u>84,040</u>
NET POSITION				
Net Investment in Capital Assets	7,919,085	4,725,433	-	12,644,518
Restricted Assets	103,576	-	-	103,576
Unrestricted	410,422	1,674,445	-	2,084,867
Total Net Position	<u>8,433,083</u>	<u>6,399,878</u>	<u>-</u>	<u>14,832,961</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,681,592</u>	<u>\$ 6,516,100</u>	<u>\$ -</u>	<u>\$ 18,197,692</u>

VILLAGE OF WINDSOR

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Enterprise Funds			
	Windsor Water Utility	Windsor Sewer Utility	Non-Major Proprietary Funds	Total
OPERATING REVENUES				
Charges for Services	\$ 612,605	\$ 664,353	\$ 358	\$ 1,277,316
Other Operating Revenues	2,278	5,502	299	8,079
Total Operating Revenues	614,883	669,855	657	1,285,395
OPERATING EXPENSES				
Operation and Maintenance	461,461	574,604	34,285	1,070,350
Depreciation	238,613	125,587	-	364,200
Total Operating Expenses	700,074	700,191	34,285	1,434,550
Operating Income (Loss)	(85,191)	(30,336)	(33,628)	(149,155)
NON-OPERATING REVENUES (EXPENSES)				
Amortization Revenue	15,251	-	-	15,251
Interest and Investment Revenue	13,599	6,582	-	20,181
Miscellaneous Non-Operating Revenue	58,762	1,620	123	60,505
Interest Expense	(118,891)	(234)	-	(119,125)
Total Non-Operating Revenues (Expenses)	(31,279)	7,968	123	(23,188)
Income (Loss) Before Transfers and Special Items	(116,470)	(22,368)	(33,505)	(172,343)
Capital Contributions - Developers	384,573	268,595	-	653,168
Impact and Connection Fees	387,360	56,200	9,000	452,560
Transfers In	7,777,620	6,140,366	-	13,917,986
Transfers Out	-	(42,915)	(13,875,071)	(13,917,986)
Change in Net Position	8,433,083	6,399,878	(13,899,576)	933,385
Net Position - Beginning	-	-	13,899,576	13,899,576
Total Net Position - Ending	\$ 8,433,083	\$ 6,399,878	\$ -	\$ 14,832,961

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VILLAGE OF WINDSOR

**Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Non-Major Proprietary Funds</u>	<u>Total</u>
<u>Cash Flows from Operating Activities:</u>				
Receipts from customers	\$ 664,530	\$ 764,070	\$ 657	\$ 1,429,257
Operating Transfer	1,428,526	1,561,721	(2,990,247)	-
Payments (to) from others	47,280	(47,280)	-	-
Payments to suppliers	(125,279)	(535,058)	(8,724)	(669,061)
Payments to employees	(124,429)	(39,984)	(25,561)	(189,974)
Taxes paid	(6,636)	(2,112)	-	(8,748)
	<u>1,883,992</u>	<u>1,701,357</u>	<u>(3,023,752)</u>	<u>561,597</u>
Net cash provided (used) by operating activities				
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and construction of plant assets	(848,209)	(57,457)	-	(905,666)
Proceeds from long-term debt	1,180,000	-	-	1,180,000
Impact fees and special assessments collected	454,413	84,877	9,000	548,290
Principal payments on long-term debt	(1,269,299)	(15,820)	-	(1,285,119)
Interest paid	(150,484)	(234)	-	(150,718)
	<u>(633,579)</u>	<u>11,366</u>	<u>9,000</u>	<u>(613,213)</u>
Net cash provided (used) by capital and related financing activities				
<u>Cash Flows from Investing Activities:</u>				
Interest Income	13,599	6,582	-	20,181
	<u>13,599</u>	<u>6,582</u>	<u>-</u>	<u>20,181</u>
Net cash provided (used) by investing activities				
	<u>1,264,012</u>	<u>1,719,305</u>	<u>(3,014,752)</u>	<u>(31,435)</u>
Net increase (decrease) in cash and equivalents				
<u>Cash and Equivalents, Beginning of year</u>	<u>-</u>	<u>-</u>	<u>3,014,752</u>	<u>3,014,752</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 1,264,012</u>	<u>\$ 1,719,305</u>	<u>\$ -</u>	<u>\$ 2,983,317</u>
<u>Reconciliation to Balance Sheet</u>				
Cash and cash equivalents	\$ 633,249	\$ 1,719,305	\$ -	\$ 2,352,554
Restricted Cash	630,763	-	-	630,763
Total	<u>\$ 1,264,012</u>	<u>\$ 1,719,305</u>	<u>\$ -</u>	<u>\$ 2,983,317</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating Income (loss)	\$ (85,191)	\$ (30,336)	\$ (33,628)	\$ (149,155)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating transfer	1,428,526	1,561,721	(2,990,247)	-
Miscellaneous non-operating revenues (expenses)	58,762	1,620	123	60,505
Depreciation	244,650	119,550	-	364,200
Pension expenses	3,521	6,066	-	9,587
Changes in Assets and Liabilities:				
Customer accounts receivable	49,647	94,215	-	143,862
Due from/to other funds	47,280	(47,280)	-	-
Other assets	-	(33)	-	(33)
Deferred Inflows	-	738	-	738
Accounts payable	136,797	(4,904)	-	131,893
	<u>\$ 1,883,992</u>	<u>\$ 1,701,357</u>	<u>\$ (3,023,752)</u>	<u>\$ 561,597</u>
Net cash provided (used) by operating activities				
<u>Noncash Capital and Related Financing</u>				
Capital Contributions - Plant financed by Developers	\$ 317,520	\$ 239,918	\$ -	\$ 557,438

VILLAGE OF WINDSOR

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017**

	Community Center	Half-Century Club	Tax Agency	Total Fiduciary Funds
ASSETS				
Cash and Cash Equivalents	\$ 584,720	\$ 35,849	\$ 7,404,688	\$ 8,025,257
Receivables:				
Taxes Receivable	-	-	4,310,959	4,310,959
Due from Other Funds	-	251	-	251
Total Assets	\$ 584,720	\$ 36,100	\$ 11,715,647	\$ 12,336,467
LIABILITIES				
Due to Other Funds	\$ 20,726	\$ -	\$ -	\$ 20,726
Due to Other Organizations	563,994	36,100	-	600,094
Due to Other Governments	-	-	11,715,647	11,715,647
Total Liabilities	\$ 584,720	\$ 36,100	\$ 11,715,647	\$ 12,336,467

See accompanying notes to the basic financial statements

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Windsor (formerly the Town of Windsor), Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all of the funds of the Village of Windsor. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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. This report does not contain the Madison Metropolitan Sewer District, Windsor Lake District, and Oak Springs Lake District which the Town does not consider component units. See Note 8 regarding intergovernmental agreements.

Incorporation

On November 3, 2015, the Town of Windsor residents passed a referendum to legally incorporate as a village. The Village of Windsor was officially incorporated as of November 9, 2015. Under incorporation as a Village, all utility district's within the boundaries of the Village become a utility(ies) of the newly formed Village. There were (4) operating sanitary districts as of the date of incorporation that dissolved by operation of law at the time of incorporation. The financial statements presented report all funds of the Village, including the sanitary districts that are reported as proprietary / business-type funds.

Component Units

Community Development Authority

The financial statements include the Village's Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the Village board. The CDA meets the criteria of a component unit of the Village. As a component unit, the Authority's financial statements have been presented as a blended entity in the basic financial statements. It was blended since the Village issued debt to purchase land for the benefit on the CDA. The information presented is for the fiscal year ended December 31, 2017.

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements

Government-wide financial statements are basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund 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 and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

In addition, all funds in the fund financial statements are reported as proprietary, governmental, or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

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

- a. Total assets and deferred outflows, liabilities and deferred inflows, 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. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are 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 Town believes is particularly important to financial statement users may be reported as a major fund.

- I. Summary of Significant Accounting Policies (Continued)
- B. Government-Wide and Fund Financial Statements (Continued)

Governmental Funds

The Village reports the following major governmental funds:

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

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related charges.

Capital Projects Fund – accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Tax Incremental Financing District No. 1 (TIF District #1) – transactions of the Village’s tax incremental districts are accounted for capital project funds along with capital outlay projects for which the Village borrowed money.

The Village, in addition to the major funds identified above, reports the following non-major funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to or committed for expenditures for specified purposes. The Village accounts for activity of the Developer Charge-back Fund as a Special Revenue Fund. These funds are managed by the Village.

Community Development Authority Fund (“CDA”) – accounts for the CDA’s primary operating activities.

Other Capital Projects Funds – The Non-Major Capital Project Funds include the Purchase of Development Rights Fund, the Capital Projects Reserve/Replacement Fund and the Impact Fee Fund.

Proprietary Funds

Proprietary funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following proprietary funds are included in these statements:

- Windsor Water Utility – accounts for the operation of the water system. (Major Fund)
- Windsor Sewer Utility – accounts for the operation of the sewer system. (Major Fund)
- Water Utility District #1 – accounts for the operation of the water system. (Non-Major Fund)
- Sewer Utility District #1 – accounts for the operation of the sewer system. (Non-Major Fund)
- Water Utility District #2 – account for the operation of the water system. (Non-Major Fund)
- Sewer Utility District #2 – account for the operation of the sewer system. (Non-Major Fund)

- I. Summary of Significant Accounting Policies (Continued)
- B. Government-Wide and Fund Financial Statements (Continued)

Proprietary Funds (Continued)

In 2017, the Village established the Windsor Water and Sewer Utilities to account for all water and sewer utility operations. All assets, deferred outflows, liabilities and deferred inflows were transferred from the four original utility district funds to the new funds. As of the date the Water and Sewer Utilities were created the former Utility District ceased to exist. A transfer was recorded to reflect the close out of the old utility districts.

Fiduciary Funds

Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village has the following agency funds: Community Center, Half-Century Club and the Tax Agency Fund.

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

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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. Grants and similar items are recognized as revenue when earned.

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. “Measurable” means the amount of the transaction can be determined. 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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

1. Summary of Significant Accounting Policies (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

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.

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows 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 liability for deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and 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 utilities are charged to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)
1) Cash and Cash Equivalents/Investments

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

See Footnote 2 for additional information.

2) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Village's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Village taxes. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar—2017 tax roll

Lien date and levy date	December, 2017
Tax Bills mailed	December, 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale—2017 delinquent	
real estate taxes	October, 2020

3) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance was determined to be necessary for delinquent personal property taxes at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

4) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred special assessments, those not subject to collection, are recorded as other liability until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by Dane County and are remitted to the Village upon collection by the County. These delinquent installments are financed by the general fund.

5) Inventories and Prepaid Items

Inventories

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material. Inventories of proprietary funds are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost using the weighted average method and are charged to construction and/or operation and maintenance expense when used.

Prepaid

Expenditures paid in advance of the period the expenditure is incurred are recorded as prepaid assets.

6) 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 tangible and intangible assets that have useful lives that extend beyond a single reporting period. Capitalization thresholds for capitalizing individual fixed assets and groups of fixed assets are \$1,000 for non-fixed equipment and depreciable land improvements and \$5,000 for infrastructure assets and building and improvements. Land and non-depreciable land improvements are all recorded.

All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements. Retroactive reporting of all major general infrastructure assets is encouraged but not required. Infrastructure acquired prior to 2005 has been recorded.

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

6) Capital Assets (Continued)

General Fixed Assets

Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated using the straight-line method based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

Proprietary Fund Fixed Assets

Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition.

Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2017.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.0% to 26.70% for the water utility and from 1.0% to 20.0% for the sewer utility, depending on the various classes of property, in the respective utilities.

7) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions/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.

8) Debt Issuance Costs / Discounts

In governmental funds, debt issuance costs and discounts are recognized as expenditures in the current period. For the government-wide financial statements, only debt discounts are deferred and amortized over the term of the debt issue.

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

9) Compensated Absences

Under terms of employment, Village employees are granted vacations and sick leave in varying amounts. Regular full-time employees who retire from the Village employment under the provisions of the Wisconsin Retirement System will receive credit for accrued, unused sick leave up to a maximum of 240 hours to be used by the Village for purposes of paying the premium for continued health insurance coverage for the employee and his/her dependents for any plan in which the employee is participating at the time of his/her retirement. Employees will not be credited with any pro-rated amount of sick leave for the year in which retirement occurs. Accrued, unused sick leave is not otherwise paid out at termination for employees who are not retiring. A liability has been recorded in the government-wide financial statements for accumulated unused sick leave.

10) Deferred Outflows and Inflows of Resources

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 then. 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.

11) 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 bond payable, and accrued compensated absences.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

12) 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.
- 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.

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

12) Equity Classifications (Continued)

Fund Financial Statements

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Board or a body or official to which the Town Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

It is the Village's goal to maintain a general fund unassigned fund balance at a range of not less than 25% to 30% of the current operating budget. The Village's long-term goal is to maintain and unassigned general fund balance that would alleviate the need to borrow short-term for operation cash flow needs.

When restricted and other fund balance resources are available for use, it is the Village's practice to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

13) Land Held for Resale

The government-wide financial statements include land held for resale. This represents the original cost of land purchased by the Village's CDA and held for resale back to a developer. The value of the asset has been adjusted and reduced to the cost of the remaining number of acres.

1. Summary of Significant Accounting Policies (Continued)

14) 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 as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

E. Utility Rates – Proprietary Funds

The Village of Windsor Sewer Utilities operate under service rules which are established by the Village Board. The Water Utilities operate under service rules which are established by the Public Service Commission of Wisconsin. Water rate charges are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water and sewer service.

F. Income Taxes

The Village of Windsor Water and Sewer Utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

G. Budgetary Information

Budgets

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

The General Fund includes special revenue funds that do not meet the criteria of an individual fund under GASB 54. The budgetary comparison schedule on page 47 does not include these special revenue funds. A reconciliation is provided to reconcile to the Statement of Revenues, Expenditures and Changes in Fund balance on page 5.

I. Summary of Significant Accounting Policies (Continued)

II. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

I. Limitations on the Town Tax Levy

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the town's future tax levies. Generally, the town is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the town's equalized value due to new construction, or 0%. Changes in debt service from one year to the next are generally exempt from this limit.

2. Cash and Cash Equivalents/Investments

As previously discussed, cash for all Village funds are pooled for investment purposes. At December 31, 2017, the cash and investments consist of the following:

<u>Village Deposits</u>		<u>Risks</u>
Petty Cash/Cash on Hand	\$ 165	
Money Market Fund	768,566	Custodial Credit
Deposits with Financial Institutions	11,378,593	Custodial Credit
Wisconsin Local Government Investment Pool	2,021,868	Credit/Interest Rate
Debt Securities	465,992	Credit/Interest Rate
Certificates of Deposit	1,476,098	Custodial Credit/Interest Rate
Total Cash and Investments	<u>\$ 16,111,282</u>	

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Government-Wide Statement of Net Position	
Cash and Equivalents	\$ 6,901,252
Restricted Cash and Equivalents	1,184,773
Fiduciary Statement of Net Position	
Cash and Equivalents	<u>8,025,257</u>
	<u>\$ 16,111,282</u>

2. Cash and Cash Equivalents/Investments (Continued)

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by State Statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Town plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- (9) Repurchase agreements with public depositories, with certain conditions;
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

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.

The Village's investment policy states that it will minimize this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Village's investments included the following:

Investment Type	Investment Maturities				
	Fair Value	Less Than 6 Months to 1 Year	6 Months to 1 Year	1 Year to 5 Years	More Than 5 Years
Local Government Investment Pool	\$2,021,868	\$ 2,021,868	\$ -	\$ -	\$ -
Debt Securities	465,992	-	104,490	361,502	-
Certificates of Deposit	1,476,098	667,932	129,007	679,160	-
Total	\$3,963,958	\$ 2,689,800	\$ 233,497	\$ 1,040,661	\$ -

2. Cash and Cash Equivalents/Investments (Continued)

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's formal investment policy limits this risk by limiting investments to the type of securities permitted by state statutes. All of the Village's investments are in CDs and Local Government Investment Pool, an external pool which is 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 its 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 the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. 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.

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 SIP 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, 2017, 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.

2. Cash and Cash Equivalents/Investments (Continued)

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.

Investment allocation in the LGIP as of December 31, 2017 was: 89.97% in U.S. Government Securities, 1.52% in Certificates of Deposit and Bankers' Acceptances and 8.51% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

As of December 31, 2017, \$336,028 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. Deposits were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$ 12,081,374
Uninsured and Uncollateralized	<u>336,028</u>
	<u>\$ 12,417,402</u>

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 exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. No Village investment represents 5% or more of the total investments.

Restricted Cash

The following schedule details the restricted cash at December 31, 2017:

	Impact Fee	Windsor Water Utility	Windsor Sewer Utility
Impacted Fees	\$ 554,010	35,465	\$ -
Unspent Bond Proceeds	-	527,187	-
Water Replacement Fund	<u>554,010</u>	<u>68,111</u>	<u>-</u>
	<u>\$ 554,010</u>	<u>\$ 630,763</u>	<u>\$ -</u>

3. 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.

Debt Securities

Assets at Fair Value as of December 31, 2017			
Fair Value	Level 1	Level 2	Level 3
\$ 465,992	\$ 465,992	\$ -	\$ -
<u>\$ 465,992</u>	<u>\$ 465,992</u>	<u>\$ -</u>	<u>\$ -</u>

4. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 4,357,680	\$ 15,088	\$ -	\$ 4,372,768
Conservation Easements	1,268,267	-	-	1,268,267
Construction in Progress	-	17,653	-	17,653
Total Non-depreciable Capital Assets	5,625,947	32,741	-	5,658,688
Capital Assets Being Depreciated:				
Buildings and Improvements	2,930,622	834,231	-	3,764,853
Equipment	1,325,824	302,181	-	1,628,005
Infrastructure	20,708,831	1,110,251	79,386	21,739,696
Total Capital Assets Being Depreciated	24,965,277	2,246,663	79,386	27,132,554
Total Capital Assets	\$ 30,591,224	\$ 2,279,404	\$ 79,386	\$ 32,791,242
Less: Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,422,233	\$ 120,727	\$ -	\$ 1,542,960
Equipment	610,485	141,377	-	751,862
Infrastructure	10,451,722	708,148	79,386	11,080,484
Total Accumulated Depreciation	12,484,440	970,252	79,386	13,375,306
Capital Assets Net of Depreciation	\$ 18,106,784	\$ 1,309,152	\$ -	\$ 19,415,936

Depreciation expense was charged to functions as follows:

	\$
Governmental Activities	
General Government	55,708
Public Safety	1,728
Public Works	781,324
Conservation and Development	5,017
Culture, Recreation and Education	126,475
Total Governmental Activities Depreciation Expense	\$ 970,252

4. Capital Assets (Continued)

Capital assets activity in the business-type activities for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
Business-Type Activities				
Water Utility				
Non-depreciable Capital Assets:				
Land	\$ 127,420	\$ -	\$ -	\$ 127,420
Construction Work in Progress	15,617	847,904	-	863,521
Total Non-depreciable Capital Assets	143,037	847,904	-	990,941
Capital Assets Being Depreciated:				
Source of Supply	571,827	-	-	571,827
Pumping Equipment	918,365	-	-	918,365
Water Treatment	8,155	-	-	8,155
Transmission and Distribution	9,577,671	348,353	6,480	9,919,544
Administrative and General Assets	116,728	12,387	-	129,115
Total Capital Assets Being Depreciated	11,192,746	360,740	6,480	11,547,006
Total Capital Assets	11,335,783	1,208,644	6,480	12,537,947
Less: Accumulated Depreciation	(2,038,036)	(244,650)	(6,480)	(2,276,206)
Capital Assets Net of Depreciation	\$ 9,297,747	\$ 963,994	\$ -	\$ 10,261,741

Business-Type Activities

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
Business-Type Activities				
Sewer Utility				
Non-depreciable Capital Assets:				
Land	\$ 53,025	\$ -	\$ -	\$ 53,025
Total Non-depreciable Capital Assets	53,025	-	-	53,025
Capital Assets Being Depreciated:				
Collection	6,275,739	239,918	-	6,515,657
Pumping Equipment	224,019	-	-	224,019
Administrative and General Assets	64,896	14,541	-	79,437
Total Capital Assets Being Depreciated	6,564,654	254,459	-	6,819,113
Total Capital Assets	6,617,679	254,459	-	6,872,138
Less: Accumulated Depreciation	(2,027,156)	(119,550)	-	(2,146,706)
Capital Assets Net of Depreciation	\$ 4,590,523	\$ 134,909	\$ -	\$ 4,725,432

4. Capital Assets (Continued)

The January 1, 2017 balances reflected in the tables on the previous page represent the beginning balances previously reported as Water Utility #1 and Water Utility #2 combined into the new Windsor Water Utility and Sewer Utility #1 and Sewer Utility #2 combined into the new Windsor Sewer Utility.

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water Utility	\$ 238,613
Sewer Utility	125,587
Total	\$ 364,200

5. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Governmental Activities				
Bonds, Notes and Other Payables:				
General Obligation Debt	\$ 12,010,000	\$ 550,000	\$ 1,410,000	\$ 11,150,000
Taxable Anticipation Note	-	-	-	-
Capital Lease Obligations	151,977	-	59,819	92,158
Add/(Subtract) Deferred Amounts For: (Discounst)/Premiums	48,917	-	7,420	41,497
Sub-Total	12,210,894	550,000	1,477,239	11,283,655
Other Liabilities:				
Compensated Absences	19,690	17,577	-	37,267
Total Other Liabilities	19,690	17,577	-	37,267
Total Governmental Activities	\$ 12,230,584	\$ 567,577	\$ 1,477,239	\$ 11,320,922
Business-Type Activities				
Long-Term Liabilities	-	-	-	-
Total Business-Type Activities	\$ 2,448,445	\$ 1,180,000	\$ 1,248,445	\$ 2,380,000
Revenue Bonds	498,387	-	41,674	456,713
Add/(Subtract) Deferred Amounts For: (Discounst)/Premiums	67,068	-	5,159	61,909
Total Business-Type Activities	\$ 3,013,900	\$ 1,180,000	\$ 1,295,278	\$ 2,898,622

5. Long-Term Obligations (Continued)

General Obligation Debt

All general obligation notes and bond 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 and revenues accumulated by the debt service fund. 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.

Cities, Villages, and Townships are statutorily limited to using 5% of their equalized value to borrow general obligation debt. According to these state statutes, the Village of Windsor is limited to borrowing \$40,263,620. General obligation debt subject to this limit is \$13,530,000 leaving the Village with an available debt margin of \$26,733,620 as of December 31, 2017.

General obligation long-term debt issues outstanding at December 31, 2017 and total debt outstanding were as follows:

	Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
Governmental Activities						
\$ 5,905,000	12/27/2010	2020	1.5-4.25%	\$ 4,505,000	\$ 500,000	
2,075,000	10/11/2012	2019	.40 - 1.25%	425,000	225,000	
2,160,000	2/16/2015	2025	0.5-2.3%	1,800,000	300,000	
500,000	3/31/2015	2025	2.47%	400,000	50,000	
3,000,000	10/7/2013	2035	3.89%	3,000,000	-	
690,000	6/21/2016	2026	2.00-2.75%	470,000	220,000	
550,000	2/2/2017	2027	2.65%	550,000	55,000	
Total Governmental Activities - General Obligation Debt	\$ 11,150,000			\$ 11,150,000	\$ 1,350,000	
Business-Type Activities						
Water Utility						
1,280,000	6/21/2016	2029	2.00-3.00%	\$ 1,200,000	\$ 85,000	
1,180,000	7/12/2017	2035	1.20-3.25%	1,180,000	55,000	
Total Business-Type Activities - General Obligation Debt	\$ 2,380,000			\$ 2,380,000	\$ 140,000	

5. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The annual payments necessary to retire the general obligation debt including interest are as follows:

Year	Governmental Activities General Obligation Debt		
	Principal	Interest	Total
2018	\$ 1,350,000	\$ 367,059	\$ 1,717,059
2019	1,220,000	336,814	1,556,814
2020	3,965,000	306,670	4,271,670
2021	485,000	148,410	633,410
2022	485,000	138,128	623,128
2023-2027	1,720,000	532,403	2,252,403
2028-2032	1,100,000	303,719	1,403,719
2033-2035	825,000	67,031	892,031
Total	\$ 11,150,000	\$ 2,200,234	\$ 13,350,234

Year	Business-Type Activities General Obligation Debt		
	Principal	Interest	Total
2018	\$ 140,000	\$ 59,085	\$ 199,085
2019	150,000	53,005	203,005
2020	155,000	50,123	205,123
2021	160,000	46,841	206,841
2022	160,000	43,443	203,443
2023-2027	865,000	156,703	1,021,703
2028-2032	535,000	60,783	595,783
2033-2035	215,000	10,556	225,556
Total	\$ 2,380,000	\$ 480,337	\$ 4,020,090

5. Long-Term Obligations (Continued)

Current Refunding

During 2017, the Village issued \$1,180,000 in general obligation bonds. These bonds were used to refund outstanding portions of various State Trust Fund Loans issued by the Water Utility #1 prior to incorporation. The bonds were used to current refund \$1,128,849 in outstanding principal and interest as of the date of the refunding. The net present value of savings was approximately \$55,000.

Capital Lease

Equipment capitalized with leases	\$ 299,927
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The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2017:

Year Ended December 31,	2018	2019
Total Minimum Lease Payments	\$ 63,827	31,915
Less: Amount representing interest	95,742	(3,584)
Present Value of net minimum lease payments	\$ 92,158	\$ 92,158

Future minimum payments are as follows:

Capital Lease Obligations	9/5/2013	2018	2.30%	\$ 30,921	\$ 30,921
	\$ 148,840	2019	2.81%	61,237	30,194
Total Capital Lease Obligations				\$ 92,158	\$ 61,115

Revenue Debt

Business-type activities revenue bonds are payable only from revenue derived from the operation of the water and sewer utilities

Business-Type Activities	Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
Water Utility	\$ 500,000	6/12/2013	2033	1.1555%	\$ 456,713	\$ 26,152
Total Business-Type Activities -- Revenue Debt					\$ 456,713	\$ 26,152

5. Long-Term Obligations (Continued)

Revenue Debt (Continued)

Debt service requirements to maturity are as follows:

Year	Business-Type Activities Revenue Debt		
	Principal	Interest	Total
2018	\$ 26,152	\$ 5,124	\$ 31,276
2019	26,454	4,820	31,275
2020	26,760	4,513	31,273
2021	27,069	4,202	31,271
2022	27,382	3,888	31,269
2023-2027	141,726	14,593	156,318
2028-2032	150,102	6,168	156,270
2033-2035	31,069	179	31,248
Total	\$ 456,713	\$ 43,487	\$ 500,200

The Village issued revenue bonds that require restrictive provisions and covenants. The more major provisions require that reserves be maintained and that the net revenues for each fiscal year provide debt coverage at least equal to 110% in the Water Fund.

The following is the bond reserves of the Water Fund and the calculations of the coverage as of December 31, 2017:

Bond Reserves	\$ 68,111	Windsor Water Utility
Replacement Account	\$ 68,111	
Total	\$ 136,222	
Coverage Covenant Calculation		
Gross Revenue	\$ 615,411	
Other Revenues	13,599	
Operation and Maintenance Expenses - (Excluding Depreciation)	(495,000)	
Net Revenues	\$ 134,010	
Maximum annual debt service	\$ 31,276	
Percent Coverage	428%	
Percent Coverage Required	110%	

6. Interfund Transactions

The following interfund payables and receivables were outstanding as of December 31, 2017.

Receivable Fund	Payable Fund	Amount	Purpose
General	Developer Chargeback Fund	\$ 28,338	Cash shortfall
General	Community Center (Agency)	20,476	Operations
General	TIF District #1	297,208	Cash shortfall
Sub-Total - Fund Financial Statements		346,022	
Less: Fund Eliminations		(325,546)	
Total - Government-Wide Statement of Net Position		\$ 20,476	

For the Statement of Net Position, interfund balances which are owed within the governmental or business activities are netted and eliminated.

The following are interfund transfers that occurred:

Receivable Fund	Payable Fund	Amount	Purpose
Capital Projects Reserve	General Fund	\$ 250,000	Operations
CDA	General Fund	48,235	Operations
Sub-Total - Governmental Fund Financial Statements		298,235	
Windsor Water Utility	Water Utility UD #1	6,957,969	Close Fund
Windsor Sewer Utility	Sewer Utility UD #1	5,199,933	Close Fund
Windsor Water Utility	Water Utility UD #2	776,736	Close Fund
Windsor Sewer Utility	Sewer Utility UD #2	940,433	Close Fund
Windsor Water Utility	Windsor Sewer Utility	42,915	Reimbursement
Sub-Total - Proprietary Fund Financial Statements		13,917,986	
Less: Fund Eliminations		(14,216,221)	
Total Transfers - Government-Wide Statement of Activities		\$ -	

For the Statement of Activities, inter-fund transfers within the within the governmental activities or business-type activities are netted and eliminated.

7. **Lease of Village Hall**

On September 4, 2003, the Village entered into a lease with the Dane County Sheriff's Department for occupation of approximately 2,500 square feet of the existing Village Hall for the period of January 1, 2004 through August 31, 2004. Effective September 1, 2004, the Dane County Sheriff's Department occupied approximately 7,000 square feet of the remodeled Village Hall. The Village occupies and maintains the remaining portion of the building.

The lease term is for twenty-one years commencing January 1, 2004 and ending midnight of the 31st day of December, 2024. Effective January 1, 2005, the lease calls for the Sheriff's Department to pay \$12,700 a quarter, on the first day of January, April, July, and October through 2024. The Town received \$50,800 in lease payments in 2017.

8. **Defined Benefit Pension Plan**

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective 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.

8. **Defined Benefit Pension Plan (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
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
2016	0.5	(5)

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

During the reporting period, the WRS recognized \$54,766 in contributions from the Village.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

8. Defined Benefit Pension Plan (Continued)

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

At December 31, 2017 the Village reported a liability of \$48,580 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.00589392%, which was an increase of 0.00034066% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2016, the Village recognized pension expense of \$122,016.

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	\$ 18,524	\$ (152,780)
Changes of assumptions	50,792	-
Net difference between projected and actual earnings on pension plan investments	241,816	-
Changes in proportion and difference between District contributions and proportionate share of contributions	137	(11,274)
District contributions subsequent to the measurement date	61,577	-
Total	\$ 372,846	\$ (164,054)

8. Defined Benefit Pension Plan (Continued)

\$61,577 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2018	\$ 61,434
2019	61,434
2020	41,254
2021	(16,876)
2022	(27)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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:	2.1%
Post-Retirement Adjustments*	

* 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 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

8. Defined Benefit Pension Plan (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:

Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	45	8.3	5.4
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
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

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 3.78%. 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.

8. Defined Benefit Pension Plan (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 639,101	\$ 48,580	\$ (406,148)

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

Allocation of Pension Plan Disclosures

Pension amounts are allocated between governmental, proprietary and agency type funds based on the percentage of required contributions or retirement expenses accounted for in each fund type. Allocations for the Detroit Area Community Center, reported as an agency fund, are included in this footnote but are reported in a separately issued financial statement report.

9. Inter-municipal Agreements

Fire Protection

The Village of Windsor, along with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Fire Protection District. This agreement was executed on April 15, 1993 and amended in 1997.

The agreement specified that fire protection should be available to the above-mentioned municipalities. Each municipality appoints the Village Chairperson or Village President to the Fire District Board. Costs are to be shared based upon the equalized values of the respective municipalities. The Town has an equity interest in the District equal to its percentage share of participation. Any participating municipality may withdraw from the District provided 18 months written notice is given to the other municipalities and the Fire District. The withdrawing municipality is due their equity interest in the Fire District equipment and assets less any proportionate share of debt and lease expenditures due.

The Village's equity interest of \$537,280 is recorded in the government-wide Statement of Position. Changes in the equity interest are reported on the Statement of Activities.

9. Inter-municipal Agreements (Continued)

Fire Protection (Continued)

The equalized valuation percentage for the participating municipalities is as follows:

	2017	2016
Village of Windsor	38.3%	38.3%
Village of DeForest	50.8%	50.3%
Town of Vienna	8.8%	9.1%
Town of Leeds	1.8%	2.0%
Town of Hampden	0.3%	0.3%
	<u>100.0%</u>	<u>100.0%</u>

The Village's share of fire district costs in 2017 amounted to \$341,109, excluding fire insurance dues of \$29,354. The latest budget figures indicate the Village's portion of the 2018 budget to be \$347,931. The Fire District issues separate financial statements.

EMS District

The Village, together with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Emergency Medical Service District on January 1, 1991.

The agreement specifies that emergency medical services will be available to the participating municipalities. Each municipality appoints the Village Chairperson or Village President to the EMS District board. Costs are to be shared based on the equalized values of the respective municipalities.

The Village's share of the EMS District costs in 2017 is included in the Village's payment to the Fire District.

Community Center

The Village of Windsor together with the Town of Vienna and Village of DeForest entered into an agreement regarding the programs and operation of the DeForest Area Community Center (the "Center"). The agreement was executed on July 6, 1993. The Center provides services to seniors in the DeForest area and provides a community center for local community events. In 2003, the Village began acting as the fiscal agent for the Center. The Village pays its bills and the employees of the Center are included in the Village's payroll. The cash of the Center is included in the Village's financials as an agency fund.

9. Inter-municipal Agreements (Continued)

Community Center (Continued)

The communities share in the operation of the center based upon the proportionate share of a community's population located in the center's service area to the total population of the area served. For 2017, the communities shared in the operations of the center, approximately as follows:

	2017
Village of Windsor	42.0%
Village of DeForest	55.0%
Town of Vienna	3.0%
Total	<u>100.0%</u>

The agreement specifies that the Community Center is to be governed by a nine (9) member commission including one member of the Village of Windsor Board of Supervisors and two (2) Village residents appointed by the Village Chairperson. Costs are to be shared by the municipalities based on the populations of the respective municipalities.

The purpose of the commission is to provide oversight over the operations of the DeForest Area Community and Senior Center and the programs and services for the senior citizens of the participating municipalities. The agreement between the villages and the townships is a continuing agreement and automatically renews from year to year. The commission has the authority to adopt its own budget and control the financial affairs of the Center. However, either the Windsor Village Board or the DeForest Village Board have the authority to veto the commission's budget. The Village made a payment totaling \$244,437 to the Center in 2017. The latest budget figures indicate the Village's portion of the 2018 Community Center budget is \$241,757. The Village believes that the Center will continue to provide services in the future at similar rates. Financial information of the center as of December 31, 2017 is available at the Village of Windsor Village hall and at the Center's office.

The Village has an equity interest in the Center equal to its percentage share of participation. The equity interest relative to financial assets is reported in the governmental activities column of the government wide Statement of Net Position. Changes in the equity interest are reported on the Statement of Activities. At December 31, 2017 the equity interest was \$922,425.

During 2017, The Half Century Club paid the Village the remaining balance for funds the Village borrowed on behalf of the Half Century Club expansion.

10. Fund Balance

The following restrictions and assignments of fund balance were made:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
General Fund						
Cash Management	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ 180,000
Prepaid Expenses	455	-	-	-	-	455
Advances Receivable	297,208	-	-	-	-	297,208
Emergency Management	-	-	100,000	-	-	100,000
Yards	-	786,051	-	25,741	-	811,792
Token Creek Conservancy	-	-	21,713	-	-	21,713
Unassigned	-	-	-	-	406,796	406,796
Total General Fund	\$ 297,663	\$ 786,051	\$ 21,713	\$ 125,741	\$ 586,796	\$ 1,817,964
Debt Service Fund						
Debt Service	\$ -	\$ -	\$ -	\$ 1,925,156	\$ -	\$ 1,925,156
Total Debt Service Fund	\$ -	\$ -	\$ -	\$ 1,925,156	\$ -	\$ 1,925,156
Capital Projects Fund						
Capital Projects Fund	\$ -	\$ 515,756	\$ -	\$ -	\$ -	\$ 515,756
Total Capital Projects Fund	\$ -	\$ 515,756	\$ -	\$ -	\$ -	\$ 515,756
Non-Major Funds						
Community Development Authority	\$ -	\$ 310,106	\$ -	\$ -	\$ -	\$ 310,106
Developer Charge-Back	-	13,291	-	-	-	13,291
Purchase of Development Rights Fund	-	12,623	-	-	-	12,623
TIF District #1	-	-	-	-	(404,381)	(404,381)
Capital Projects Reserve/Replacement	-	-	-	227,436	-	227,436
Impact Fee Fund	-	554,010	-	-	-	554,010
Total	\$ 297,663	\$ 890,030	\$ 21,713	\$ 227,436	\$ (404,381)	\$ 713,085
Total	\$ 297,663	\$ 2,191,837	\$ 21,713	\$ 2,278,333	\$ 182,415	\$ 4,971,961

Deficit Fund Balance

The deficit in the TIF District #1 is anticipated to be covered by future tax increment.

11. Net Position

Net position reported on the government-wide Statement of Net Position at December 31, 2017 includes the following:

Governmental Activities			
Net Investment in Capital Assets			
Capital assets, net	\$ 19,415,936		
Less: Current portion of long-term debt	(1,411,115)		
Less: Long-term debt outstanding	(9,872,541)		
Plus: Unspent bond proceeds	436,742		
Plus: Debt not related to capital assets	5,435,000		
Total Net Investment in Capital Assets	14,004,022		
Restricted Net Position			
Special Revenues	811,965		
Capital Projects	633,024		
CDA Debt Service	310,106		
Total Restricted Net Position	1,755,095		
Unrestricted Net Position	2,282,364		
Total Net Position	\$ 18,041,481		
Business-Type Activities			
Net Investment in Capital Assets			
Capital Assets, net	\$ 10,290,521	Water Utility	\$ 15,015,954
Less: related long-term debt outstanding	(2,898,622)	Sewer Utility	(2,898,622)
Unspent Bond Proceeds	527,187		527,187
Net Investment in Capital Assets	7,919,086		12,644,519
Restricted Net Position			
Replacement Funds	68,111		68,111
Impact Fees	35,465		35,465
Total Restricted Net Position	103,576		103,576
Unrestricted Net Position	410,421		2,084,866
Total Net Position	\$ 8,433,083		\$ 14,832,961

12. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

13. Subsequent Events and Commitments

VILLAGE OF WINDSOR
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances) - General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Fund Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	1,802,716	1,802,719	\$ 1,802,719	\$ 3
Other Taxes	62,804	81,982	81,982	19,178
Intergovernmental	304,062	304,062	320,707	16,645
Licenses and Permits	223,485	223,485	326,919	103,474
Fines, Forfeits and Penalties	13,000	13,000	13,247	247
Public Charges for Services	424,258	424,258	509,138	85,580
Interest Income	17,800	17,800	19,133	1,535
Miscellaneous Income	84,000	84,000	55,672	(28,328)
Total Revenues	2,932,125	2,932,125	3,130,438	198,334
EXPENDITURES				
Current:				
General Government	817,536	817,536	806,280	10,956
Public Safety	780,880	780,880	760,398	19,882
Public Works	957,212	957,212	912,748	44,464
Culture, Recreation and Education	258,497	258,497	538,486	(279,989)
Conservation and Development	70,000	70,000	76,503	(6,503)
Total Expenditures	2,884,125	2,884,125	3,095,415	(211,190)
Excess (Deficiency) of Revenues Over Expenditures	48,000	48,000	35,144	(12,856)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(48,000)	(48,000)	(298,235)	(250,235)
Total Other Financing Sources and Uses	(48,000)	(48,000)	(298,235)	(250,235)
Net Change in Fund Balances	2,002,281	2,002,281	(263,091)	(263,091)
Fund Balances - Beginning	2,002,281	2,002,281	2,002,281	-
Fund Balances - Ending	\$ 2,002,281	\$ 2,002,281	\$ 1,739,190	\$ (263,091)
Reconciliation of Fund Balance:				
Budgetary Fund Balance			\$ 1,739,190	
Revenues not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		120,168		
Expenditures not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		(166,276)		
Beginning fund balance of funds not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		136,882		
Fund Balance per Statement of Revenues, Expenditures, and Changes in Fund Balance			\$ 1,817,964	

See accompanying notes to the required supplementary information.

VILLAGE OF WINDSOR
WISCONSIN RETIREMENT SYSTEM
December 31, 2017

Schedule of Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date
Last 10 Fiscal 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)
2016	0.00589392%	\$ 48,580	\$ 829,789	5.85%	99.13%
2015	0.00555326%	90,239	809,490	11.15%	98.20%
2014	0.00549710%	(135,024)	780,090	(17.31%)	102.74%

Schedule of Village's Contributions
For the Year Ended
Last 10 Fiscal Years

Year ended December 30,	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
2017	\$ 61,577	\$ (61,577)	\$ -	\$ 905,549	6.80%
2016	55,045	(55,045)	-	809,489	6.80%
2015	27,251	(27,251)	-	413,747	6.59%

See accompanying notes to the required supplementary information.

VILLAGE OF WINDSOR
Notes to Required Supplementary Information
December 31, 2017

1. Budgetary Comparison Schedule

A. Basis of Accounting

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 1(G) in the notes to the financial statements for more information on the Village's budgetary information.

B. Excess Expenditures over Appropriations

The Village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report. The following expenditure functions had an excess of actual expenditures over budget for the year ended December 31, 2017:

	Excess
	Expenditures
Culture, Recreation and Education	279,989
Conservation and Development	6,503

Revenues and other financing sources were sufficient to cover the excess expenditures.

2. 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.

VILLAGE OF WINDSOR

Balance Sheet
Non-Major Governmental Funds
December 31, 2017

	Special Revenue Funds	Capital Projects Funds			CDA Community Development Authority	Total Non-Major Governmental Funds
		Developer Chargeback Fund	Purchase of Development Rights	Capital Projects Reserve/Replacement		
Cash and Cash Equivalents	\$ -	\$ 12,623	\$ 237,609	\$ -	\$ 262,619	\$ 512,851
Restricted Cash	-	-	-	554,010	-	554,010
Receivables:						
Taxes	-	-	80,000	-	-	80,000
Other	43,479	-	-	-	48,235	91,714
Total Assets	\$ 43,479	\$ 12,623	\$ 317,609	\$ 554,010	\$ 310,854	\$ 1,238,575

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts Payable & Accrued Liabilities	\$ 1,850	\$ -	\$ 10,173	\$ -	\$ 748	\$ 12,771
Due to Other Funds	28,338	-	-	-	-	28,338
Total Liabilities	30,188	-	10,173	-	748	41,109
Deferred Inflows:						
Tax Levy	-	-	80,000	-	-	80,000
Total Deferred Inflows	-	-	80,000	-	-	80,000
Fund Balances:						
Restricted	13,291	12,623	-	554,010	310,106	890,030
Assigned	-	-	227,436	-	-	227,436
Total Fund Balances	13,291	12,623	227,436	554,010	310,106	1,117,466
Total Liabilities, Deferred Inflows and Fund Balances	\$ 43,479	\$ 12,623	\$ 317,609	\$ 554,010	\$ 310,854	\$ 1,238,575

VILLAGE OF WINDSOR

Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended December 31, 2017

	Special Revenue Funds	Capital Projects Funds			CDA Community Development Authority	Total Non-Major Governmental Funds
		Developer Chargeback Fund	Purchase of Development Rights	Capital Projects Reserve/Replacement		
REVENUES						
Property Taxes	\$ -	\$ -	\$ 70,000	\$ -	\$ -	\$ 70,000
License and Permits	-	-	-	173,872	6,229	180,101
Public Charges for Services	-	-	-	66,030	-	66,030
Interest Income	51	48	643	1,494	763	2,999
Miscellaneous Income	-	-	50,800	-	1,410	52,210
Total Revenues	51	48	121,443	241,396	8,402	371,340
EXPENDITURES						
Current:						
General Government	-	-	48,601	-	20,191	68,792
Public Safety	-	-	-	135,545	-	135,545
Public Works	-	-	156,945	-	-	156,945
Conservation and Development	-	-	-	-	20,066	20,066
Capital Outlay	-	-	132,677	-	-	132,677
Total Expenditures	-	-	338,223	135,545	40,257	514,025
Excess (Deficiency) of Revenues Over Expenditures	51	48	(216,780)	105,851	(31,855)	(142,685)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	250,000	-	48,235	298,235
Total Other Financing Sources and Uses	-	-	250,000	-	48,235	298,235
Net Change in Fund Balances	51	48	33,220	105,851	16,380	155,850
Fund Balances - Beginning	13,240	12,575	194,216	448,159	293,726	961,916
Fund Balances - Ending	\$ 13,291	\$ 12,623	\$ 227,436	\$ 554,010	\$ 310,106	\$ 1,117,466

VILLAGE OF WINDSOR

Statement of Revenues, Expenses and Changes in Fund Net Position
 Non-Major Proprietary Funds
 For the Year Ended December 31, 2017

Non-Major Proprietary Funds

	Water Utility UD #1	Sewer Utility UD #1	Water Utility UD #2	Sewer Utility UD #2	Total
OPERATING REVENUES					
Charges for Services	\$ 343	\$ -	\$ 15	\$ -	\$ 358
Other Operating Revenues	185	-	114	-	299
Total Operating Revenues	528	-	129	-	657
OPERATING EXPENSES					
Operation and Maintenance	33,539	-	746	-	34,285
Total Operating Expenses	33,539	-	746	-	34,285
Operating Income (Loss)	(33,011)	-	(617)	-	(33,628)
NON-OPERATING REVENUES (EXPENSES)					
Miscellaneous Non-Operating Revenue	116	-	7	-	123
Total Non-Operating Revenues (Expenses)	116	-	7	-	123
Income (Loss) Before Transfers and Special Items	(32,895)	-	(610)	-	(33,505)
Impact Fees	9,000	-	-	-	9,000
Transfers Out	(6,957,969)	(5,199,933)	(776,736)	(940,433)	(13,875,071)
Change in Net Position	(6,981,864)	(5,199,933)	(777,346)	(940,433)	(13,899,576)
Net Position - Beginning	6,981,864	5,199,933	777,346	940,433	13,899,576
Total Net Position - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

VILLAGE OF WINDSOR

Combining Statement of Cash Flows Non-Major Proprietary Funds For the Year Ended December 31, 2017

	Water Utility UD #1	Sewer Utility UD #1	Water Utility UD #2	Sewer Utility UD #2	Total
<u>Cash Flows from Operating Activities:</u>					
Receipts from customers	\$ 528	\$ -	\$ 129	\$ -	\$ 657
Other receipts	116	-	7	-	123
Operating transfer	(1,358,009)	(1,470,050)	(70,517)	(91,671)	(2,990,247)
Payments to suppliers	(7,978)	-	(746)	-	(8,724)
Payments to employees	(25,561)	-	-	-	(25,561)
Net cash provided (used) by operating activities	<u>(1,390,904)</u>	<u>(1,470,050)</u>	<u>(71,127)</u>	<u>(91,671)</u>	<u>(3,023,752)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Impact fees and special assessments collected	9,000	-	-	-	9,000
Net cash provided (used) by capital and related financing activities	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Net increase (decrease) in cash and equivalents	<u>(1,381,904)</u>	<u>(1,470,050)</u>	<u>(71,127)</u>	<u>(91,671)</u>	<u>(3,014,752)</u>
Cash and Equivalents, Beginning of year	1,381,904	1,470,050	71,127	91,671	3,014,752
Cash and Equivalents, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>					
Operating Income (loss)	\$ (33,011)	\$ -	\$ (617)	\$ -	\$ (33,628)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating transfer	(1,358,009)	(1,470,050)	(70,517)	(91,671)	(2,990,247)
Miscellaneous non-operating revenues (expenses)	116	-	7	-	123
Net cash provided (used) by operating activities	<u>\$ (1,390,904)</u>	<u>\$ (1,470,050)</u>	<u>\$ (71,127)</u>	<u>\$ (91,671)</u>	<u>\$ (3,023,752)</u>

Village of Windsor

Debt Repayment Summary
Governmental Activities
Principal Payments
December 31, 2017

Year	2010 GO	2012 GO	2015 GO	2015 GO	2015 GO	2015 GO	2016 GO	2017 GO	Total G.O. Debt
2018	\$ 500,000	\$ 225,000	\$ 300,000	\$ -	\$ 50,000	\$ 220,000	\$ 55,000	\$ 1,350,000	
2019	500,000	200,000	200,000	-	50,000	215,000	55,000	1,220,000	
2020	3,505,000	-	275,000	75,000	50,000	5,000	55,000	3,965,000	
2021	-	-	275,000	100,000	50,000	5,000	55,000	485,000	
2022	-	-	250,000	125,000	50,000	5,000	55,000	485,000	
2023	-	-	200,000	125,000	50,000	5,000	55,000	435,000	
2024	-	-	150,000	125,000	50,000	5,000	55,000	385,000	
2025	-	-	150,000	150,000	50,000	5,000	55,000	410,000	
2026	-	-	-	175,000	-	5,000	55,000	235,000	
2027	-	-	-	200,000	-	-	55,000	255,000	
2028	-	-	-	200,000	-	-	-	200,000	
2029	-	-	-	200,000	-	-	-	200,000	
2030	-	-	-	225,000	-	-	-	225,000	
2031	-	-	-	225,000	-	-	-	225,000	
2032	-	-	-	250,000	-	-	-	250,000	
2033	-	-	-	275,000	-	-	-	275,000	
2034	-	-	-	275,000	-	-	-	275,000	
2035	-	-	-	275,000	-	-	-	275,000	
	\$4,505,000	\$ 425,000	\$1,800,000	\$ 3,000,000	\$ 400,000	\$ 470,000	\$ 550,000	\$ 11,150,000	

Village of Windsor

Debt Repayment Summary
Governmental Activities
Interest Payments
December 31, 2017

Year	2010 GO	2012 GO	2015 GO	2015 GO	2015 GO	2015 GO	2015 GO	2016 GO	2017 GO	Total GO
2018	\$ 186,463	\$ 4,863	\$ 27,638	\$ 116,094	\$ 10,003	\$ 7,425	\$ 14,575	\$ 367,059		
2019	168,463	2,500	24,813	116,094	8,752	3,075	13,118	336,814		
2020	148,963	-	21,569	116,094	7,523	863	11,660	306,670		
2021	-	-	17,375	113,844	6,252	738	10,203	148,410		
2022	-	-	12,925	110,844	5,001	613	8,745	138,128		
2023	-	-	8,675	107,094	3,751	481	7,288	127,289		
2024	-	-	5,063	103,344	2,508	344	5,830	117,088		
2025	-	-	1,725	98,344	1,250	206	4,373	105,898		
2026	-	-	-	92,344	-	69	2,915	95,328		
2027	-	-	-	85,344	-	-	1,458	86,801		
2028	-	-	-	77,344	-	-	-	77,344		
2029	-	-	-	69,344	-	-	-	69,344		
2030	-	-	-	61,344	-	-	-	61,344		
2031	-	-	-	52,344	-	-	-	52,344		
2032	-	-	-	43,344	-	-	-	43,344		
2033	-	-	-	33,344	-	-	-	33,344		
2034	-	-	-	22,344	-	-	-	22,344		
2035	-	-	-	11,344	-	-	-	11,344		
	\$ 503,888	\$ 7,363	\$ 119,781	\$ 1,430,188	\$ 45,040	\$ 13,813	\$ 80,163	\$ 2,200,234		

Village of Windsor

**Debt Repayment Summary
Proprietary Funds
Principal Payments
December 31, 2017**

Year	Water 2013 CWFL	Water 2016 GO	Water 2017 GO	Total Debt
2018	\$ 26,152	\$ 85,000	\$ 55,000	\$ 166,152
2019	26,454	90,000	60,000	176,454
2020	26,760	95,000	60,000	181,760
2021	27,069	95,000	65,000	187,069
2022	27,382	95,000	65,000	187,382
2023	27,698	100,000	65,000	192,698
2024	28,018	105,000	65,000	198,018
2025	28,341	105,000	65,000	198,341
2026	28,669	110,000	70,000	208,669
2027	29,000	110,000	70,000	209,000
2028	29,335	120,000	70,000	219,335
2029	29,674	90,000	60,000	179,674
2030	30,016	-	65,000	95,016
2031	30,363	-	65,000	95,363
2032	30,714	-	65,000	95,714
2033	31,069	-	70,000	101,069
2034	-	-	70,000	70,000
2035	-	-	75,000	75,000
	\$ 456,713	\$ 1,200,000	\$ 1,180,000	\$ 2,836,713

Village of Windsor

Debt Repayment Summary Proprietary Funds Interest Payments December 31, 2017

Year	Water		Water		Total Interest
	2013 CWFL	2016 GO	2016 GO	2017 GO	
2018	\$ 5,124	\$ 29,035	\$ 30,050	\$ 64,209	
2019	4,820	27,285	25,720	57,825	
2020	4,513	25,198	24,925	54,635	
2021	4,202	22,823	24,019	51,043	
2022	3,888	20,448	22,995	47,330	
2023	3,569	17,885	21,890	43,344	
2024	3,248	15,066	20,688	39,001	
2025	2,922	12,179	19,388	34,489	
2026	2,593	9,223	17,950	29,766	
2027	2,260	6,060	16,375	24,695	
2028	1,923	3,150	14,713	19,786	
2029	1,582	945	13,088	15,615	
2030	1,238		11,444	12,681	
2031	889		9,656	10,545	
2032	536		7,788	8,324	
2033	179		5,763	5,942	
2034	-		3,575	3,575	
2035	-		1,219	1,219	
	<u>\$ 43,487</u>	<u>\$ 189,295</u>	<u>\$ 291,242</u>	<u>\$ 524,024</u>	



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants



Windsor

Growing Forward

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2016

Quality service through our commitment to clients and staff.

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VILLAGE OF WINDSOR

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December 31, 2016

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 18, 2017

To the Village Board
Village of Windsor
DeForest, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Windsor, Wisconsin, 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, each major fund, and the aggregate remaining fund information of the Village of Windsor, 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.

Emphasis of Matter

As indicated in Note 10, net position for the Water Utility #1 and Sewer Utility #1 were increased as of December 31, 2015 for previously unrecorded developer contributions. In addition, net position for governmental activities was restated for previously unrecorded equity interest for the DeForest Area Community Center.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page i through xii, and the Wisconsin Retirement System schedules and budgetary comparison information 48 through 50 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.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Windsor, Wisconsin'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 combining and individual nonmajor fund financial statements and the debt repayment summaries are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
Certified Public Accountants
Madison, Wisconsin

VILLAGE OF WINDSOR MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

As management of the Village of Windsor, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2016. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the Village's financial statements, which immediately follow this section.

THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results. You can think of the Village's net position, as measured in the Statement of Net Position, as one way to measure the Village's financial position. Over time, increases or decreases in the Village's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads and preservation of open space, in assessing the overall performance of our Village.

- The assets of the Village exceeded its liabilities as of December 31, 2016 by \$30,335,247, which included \$16,435,671 net position of governmental activities and \$13,899,576 net position of business-type activities. Total net position includes all infrastructure of the governmental funds.
- The Village of Windsor's total net position increased by \$4,853,314. Governmental activities net position increased by \$3,723,480 and business-type activities increased by \$1,129,834.
- As of December 31, 2016, the Village of Windsor's governmental funds reported combined ending fund balances of \$5,603,033. This includes nonspendable fund balance of \$173,447, restricted fund balance of \$2,098,906, committed fund balance of \$17,250, assigned fund balance of \$2,561,722 and unassigned fund balance of \$751,708.
- As of December 31, 2016, the unassigned fund balance for the general fund was \$980,506 or approximately 32 percent of total general fund expenditures. Of this amount \$180,000 has been earmarked for cash management.
- The Village of Windsor's total general obligation debt decreased by \$1,332,902 during 2016, and total mortgage revenue bonds decreased by \$41,245.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the Village's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 through 2 of this report.

- The *Statement of Net Position* presents information on all of the Village of Windsor's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government; public safety; public works; health, welfare and sanitation; culture and recreation; and conservation and development. The business-type activities of the Village include the Water Utility District #1, Sewer Utility District #1, Water Utility District #2 and Sewer Utility District #2.

Fund financial statements. The Village also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Village, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the Village's government-wide statements and provide information that may be useful in evaluating a Village's short-term financing requirements. There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Change in Fund Balance*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 9 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and Capital Projects Fund. Data from the remaining 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The Village of Windsor adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utilities #1 and #2 and the sewer utility district #1, which are considered to be major funds of the Village, and the sewer utility district #2, which is considered to be non-major. The basic proprietary fund financial statements can be found on pages 7 through 10 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's programs. The fiduciary funds maintained by the Village of Windsor are the Tax Collection Fund, which records the tax roll and tax collections for other taxing jurisdictions within the Village, the Community Center Fund, and the Half-Century Club Fund. The basic fiduciary fund financial statements can be found on page 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 47 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 51 through 52 of this report. Debt repayment schedules can be found on pages 53 through 56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1, below, provides a summary of the Village's net position for the year ended December 31, 2016.

	Village of Windsor's Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 9,747,348	\$ 11,343,834	\$ 3,610,218	\$ 3,312,667	\$ 13,357,566	\$ 14,656,501
Land held for resale	4,523,153	3,585,742	-	-	4,523,153	3,585,742
Capital assets	15,767,642	18,106,784	12,762,527	13,888,270	28,530,169	31,995,054
Deferred outflows	144,474	244,503	17,969	60,168	162,443	304,671
Total assets and deferred outflows	\$ 30,182,617	\$ 33,280,863	\$ 16,390,714	\$ 17,261,105	\$ 46,573,331	\$ 50,541,968
Long-term liabilities outstanding	\$ 13,286,215	\$ 12,210,894	\$ 3,135,979	\$ 3,013,900	\$ 16,422,194	\$ 15,224,794
Other liabilities	448,724	619,560	211,343	248,286	660,067	867,846
Deferred inflows	3,735,487	4,014,738	273,650	99,343	4,009,137	4,114,081
Total liabilities and deferred inflows	\$ 17,470,426	\$ 16,845,192	\$ 3,620,972	\$ 3,361,529	\$ 21,091,398	\$ 20,206,721
Net Position:						
Net Investment in Capital Assets	\$ 10,289,310	\$ 12,608,612	\$ 10,726,548	\$ 11,744,344	\$ 21,015,858	\$ 24,352,956
Restricted	787,936	952,856	173,984	284,378	961,920	1,237,234
Unrestricted	1,634,945	2,874,203	1,869,210	1,870,854	3,504,155	4,745,057
Total Net Position	\$ 12,712,191	\$ 16,435,671	\$ 12,769,742	\$ 13,899,576	\$ 25,481,933	\$ 30,335,247

The largest portion of the Village's net position (80%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Infrastructure placed in service prior to January 1, 2004, such as roads, storm sewers, and culverts, is reflected in these reports.

A portion of the Village's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,745,057) may be used to meet the Village's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

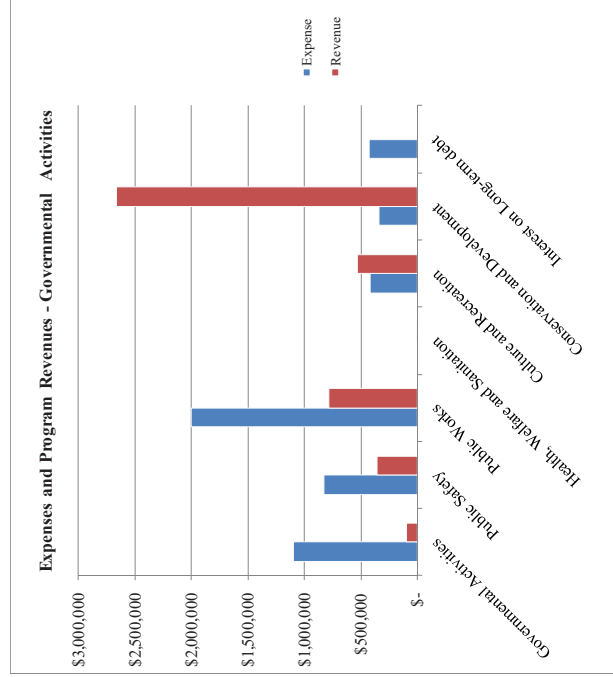
Table 2, below, provides a summary of the Village's operating results and their impact on net position for the year ended December 31, 2016. In 2016 the Village relied primarily on property taxes (28%), charges for services (23%), and capital grants and contributions (37%) to fund its operations. Combined, these account for Taxes account for 88% of all revenues or approximately \$10.2 million. Program revenues, including charges for services, operating and capital grants accounted for \$7.2 million of the total revenues of \$11.5 million.

	Village of Windsor's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Revenues:						
Charges for services and fees, fines, and costs	\$ 897,097	\$ 1,388,278	\$ 1,259,756	\$ 1,259,278	\$ 2,156,853	\$ 2,647,556
Operating grants and contributions	211,568	247,303	-	-	211,568	247,303
Capital grants and contributions	1,076,823	2,798,699	2,356,583	1,522,755	3,453,406	4,321,454
General revenues:						
Property taxes	3,148,253	3,237,386	-	-	3,148,253	3,237,386
Other taxes	66,807	63,547	-	-	66,807	63,547
Grants and contributions not restricted to specific programs	71,605	71,031	-	-	71,605	71,031
Unrestricted interest and investment	38,490	52,583	2,809	10,709	41,299	63,292
Miscellaneous	55,139	222,232	118,644	30,852	173,783	253,084
Gain (loss) on retirement of asset(s)	23,120	634,455	-	-	23,120	634,455
Transfers	-	120,268	-	(120,268)	-	-
Total Revenues	\$ 5,588,902	\$ 8,835,782	\$ 3,737,792	\$ 2,703,326	\$ 9,326,694	\$ 11,539,108
Expenses:						
General Government	\$ 867,514	\$ 1,099,640	\$ -	\$ -	\$ 867,514	\$ 1,099,640
Public Safety	853,138	824,072	-	-	853,138	824,072
Public Works	1,559,278	2,002,111	-	-	1,559,278	2,002,111
Culture and Recreation	457,451	421,074	-	-	457,451	421,074
Conservation and Development	1,045,276	341,871	-	-	1,045,276	341,871
Interest on Long-Term Debt	481,977	423,534	-	-	481,977	423,534
Water & Sewer	-	-	1,196,878	1,573,492	1,196,878	1,573,492
Total Expenses	5,264,634	5,112,302	1,196,878	1,573,492	6,461,512	6,685,794
Increase in Net Position	324,268	3,723,480	2,540,914	1,129,834	2,865,182	4,853,314
Net Position - January 1	11,273,225	11,832,017	-	10,690,816	11,273,225	22,522,833
Restatement	234,524	880,174	8,149,902	2,078,926	8,384,426	2,959,100
Net Position - January 1 - Restated	\$ 11,507,749	\$ 12,712,191	\$ 8,149,902	\$ 12,769,742	\$ 19,657,651	\$ 25,481,933
Net Position - December 31	\$ 11,832,017	\$ 16,435,671	\$ 10,690,816	\$ 13,899,576	\$ 22,522,833	\$ 30,335,247

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

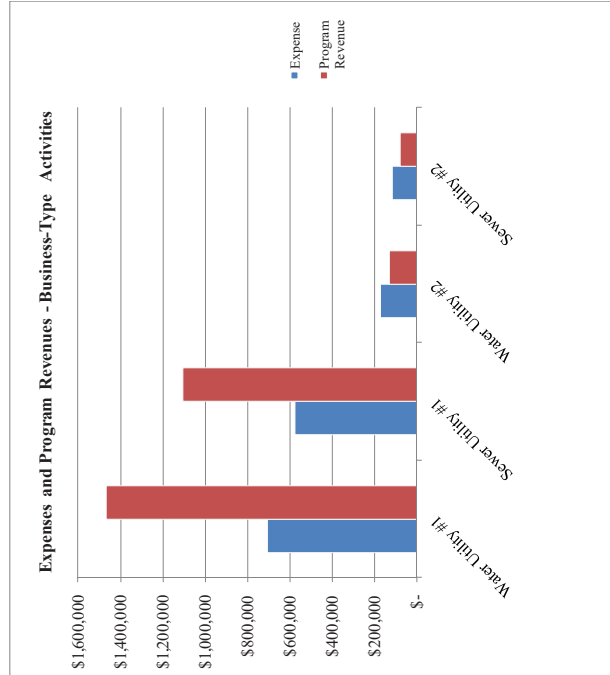
Governmental Activities: Governmental activities increased the Village's net position by \$3,723,480. Key elements of this increase are as follows:

- Conservation and development expenses decreased mainly from TIF spending.
- Capital contributions in the form of developer contributed assets totaled \$2,662,340.
- General revenues increased by approximately \$1M.
- General government and public works expenses increased approximately \$230,000 and \$440,000, respectively.

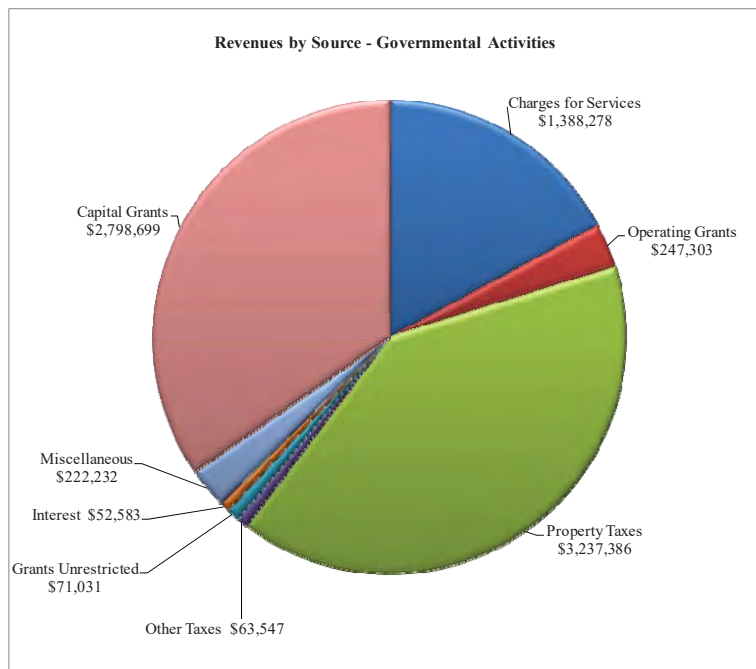


GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities: Net position of the business-type activities increased by \$1,129,834. The key element of this increase was from developer contributions.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)



FINANCIAL ANALYSIS OF THE VILLAGE OF WINDSOR'S FUNDS

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

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

As of December 31, 2016, the Village's governmental funds reported combined ending fund balances of \$5,603,033, an increase of \$1,411,908 from the prior year. Of the combined ending fund balance, \$173,447 is nonspendable in the forms of advances receivable and prepaid expenses, \$448,159 is restricted for impact fees, \$853,246 is restricted for capital projects, \$477,960 is restricted for parks, \$293,726 for the Community Development Authority, and \$25,815 is restricted for other purposes. Committed fund balance of \$17,250 is for the Token Creek Conservancy. The Village has assigned \$480,000 for park improvements and other purposes, \$1,887,506 for debt payments and \$194,216 for sinking funds. The general fund has an unassigned fund balance of \$980,506.

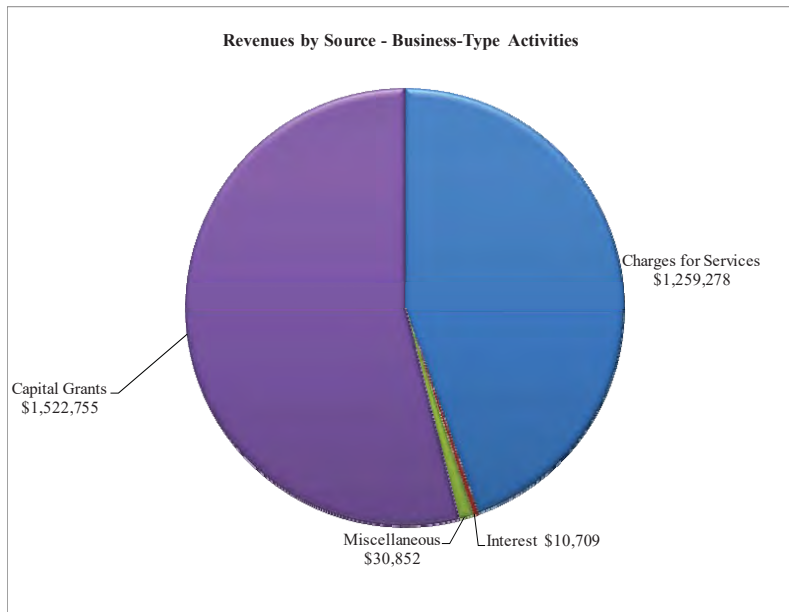
The general fund is the chief operating fund of the Village. At the end of the current year, unassigned and total fund balance of the general fund was \$980,506 and \$2,129,163, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures. Total fund balance represents 68% of general fund expenditures.

During the current year, the Village's general fund balance increased by \$529,401. Key factors in this increase are as follows:

- General fund expenditures were more than the budget by \$184,884, primarily in culture, recreation and education expenditures.
- General fund revenues were more than the budget by \$662,505, primarily in the form of charges for services.

Proprietary funds. The Village's proprietary funds provide the same type of information found in the Village's government-wide financial statements, but in more detail. At December 31, 2016, the Village's proprietary funds reported combined net position of \$13,899,576.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)



GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget did not change the amount of appropriations from the original budgeted amounts. Differences can be briefly summarized as follows:

During the year, actual revenues were more than the budgeted revenues by \$662,505. The primary reasons for these variances are as follows:

- Public charges for services exceeded budgets by \$518,305.
- License and Permits revenue were more than budget by \$121,195.

Actual expenditures were more than budgeted expenditures by \$184,884. The primary reasons for these variances are as follows:

- Expenditures for culture, recreation and education were more than budget by \$137,358.
- Expenditures for conservation and development were more than budget by \$60,012.
- Expenditures for public works were less than budget by \$78,174.
- Expenditures for general government were more than budget by \$29,964.
- Expenditures for public safety were more than the departmental budgets by \$35,724.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Village of Windsor's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$31,995,054 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure construction in progress. Infrastructure placed in service prior to January 1, 2004 (roads, storm sewers, and culverts) is included. The net increase in the Village's investment in capital assets for the current year was \$3,345,714.

Major capital asset events during the current fiscal year included the following governmental activities:

- Approximately \$191,000 in equipment purchases
- Approximately \$31,000 in building improvements
- Approximately \$2,900,000 in infrastructure improvements, including developer contributed infrastructure of \$2.7 million

Additional information on the Village of Windsor's capital assets can be found in Note 3 on page 27 through 29 of this report.

	Village of Windsor's Capital Assets					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Land	\$ 4,357,680	\$ 4,357,680	\$ 180,445	\$ 180,445	\$ 4,538,125	\$ 4,538,125
Conservation Easements	1,268,267	1,268,267	-	-	1,268,267	1,268,267
Construction in process	99,907	-	-	15,617	99,907	15,617
Building and Improvements	2,899,137	2,930,622	-	-	2,899,137	2,930,622
Equipment	1,163,495 *	1,325,824	1,436,917	1,436,917	2,600,412	2,762,741
Infrastructure	17,816,462	20,708,831	14,870,812 *	16,320,483	32,687,274	37,029,314
Total capital assets	\$ 27,604,948	\$ 30,591,224	\$ 16,488,174	\$ 17,953,462	\$ 44,093,122	\$ 48,544,686

* Indicates beginning balance was restated.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term debt. At December 31, 2016, the Village of Windsor had total long-term debt outstanding of \$14,956,832, of which \$14,458,445 was backed by the full faith of the Village.

	Village of Windsor's Outstanding Debt					
	General Obligations & Note Anticipation Notes			Business-Type Activities		
	Governmental Activities		Total Government	Business-Type Activities		Total Primary Government
	2015	2016	2015	2016	2015	2016
General Obligation Debt	\$ 13,195,000	\$ 12,010,000	\$ 2,596,347	\$ 2,448,445	\$ 15,791,347	\$ 14,458,445
Mortgage Revenue Bonds	-	-	539,632	498,387	539,632	498,387
Total Outstanding Debt	\$ 13,195,000	\$ 12,010,000	\$ 3,135,979	\$ 2,946,832	\$ 16,330,979	\$ 14,956,832

During the fiscal year, the Village of Windsor's general obligation debt balance decreased by \$1,332,902. Additional information on the Village's long-term debt can be found in Note 4 on pages 30 through 34 of this report.

Economic Factors and Next Year's Budgets and Rates

Village of Windsor's financial results are dependent on several factors:

- Amount of Shared Revenue, General Transportation Aids and other grants received
- Increases in insurance, professional services and other operating costs
- Tax levy limits restrictions

All of these factors were considered in preparing the Village's budget for the 2017 fiscal year.

The general obligation debt outstanding of \$14,458,445 is well below the allowable amount of \$35,897,160 which is 5% of the valuation of taxable property as equalized for State purposes.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village of Windsor's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Village of Windsor, 4084 Mueller Road, DeForest, WI 53532.

General information relating to the Village of Windsor, Wisconsin, can be found at the Village's website, <http://www.windsorwi.gov>.

VILLAGE OF WINDSOR

**Statement of Net Position
December 31, 2016**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Equivalents	\$ 5,572,404	\$ 1,860,400	\$ 7,432,804
Receivables	4,004,152	269,866	4,274,018
Due (to) from Fiduciary Funds	(709)	2,640	1,931
Inventories	-	25,409	25,409
Prepaid Expenses	117	-	117
Total Current Assets	<u>9,575,964</u>	<u>2,158,315</u>	<u>11,734,279</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	448,159	1,154,352	1,602,511
Total Restricted Assets	<u>448,159</u>	<u>1,154,352</u>	<u>1,602,511</u>
Capital Assets:			
Land, Improvements, Construction in Process and Infrastructure in Process	5,625,947	196,062	5,822,009
Other Capital Assets, Net of Depreciation	12,480,837	13,692,208	26,173,045
Total Capital Assets	<u>18,106,784</u>	<u>13,888,270</u>	<u>31,995,054</u>
Other Non-Current Assets:			
Land Held for Resale	3,585,742	-	3,585,742
Investment in Joint Ventures	1,319,711	-	1,319,711
Total Other Non-Current Assets	<u>4,905,453</u>	<u>-</u>	<u>4,905,453</u>
Total Assets	<u>33,036,360</u>	<u>17,200,937</u>	<u>50,237,297</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	244,503	60,168	304,671
Total Deferred Outflows	<u>244,503</u>	<u>60,168</u>	<u>304,671</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 33,280,863</u>	<u>\$ 17,261,105</u>	<u>\$ 50,541,968</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 451,433	\$ 183,195	\$ 634,628
Due to Other Governmental Agencies	646	-	646
Accrued Interest Payable	103,718	54,095	157,813
Current Portion of Long-Term Debt	1,469,890	177,554	1,647,444
Total Current Liabilities	<u>2,025,687</u>	<u>414,844</u>	<u>2,440,531</u>
Non-Current Liabilities:			
Net Pension Liability	44,073	10,996	55,069
Long-Term Debt	10,741,004	2,836,346	13,577,350
Compensated absences	19,690	-	19,690
Total Non-Current Liabilities	<u>10,804,767</u>	<u>2,847,342</u>	<u>13,652,109</u>
Total Liabilities	<u>12,830,454</u>	<u>3,262,186</u>	<u>16,092,640</u>
DEFERRED INFLOWS OF RESOURCES			
Regulatory Credit	-	70,629	70,629
Tax Levy	3,920,683	-	3,920,683
Deferred Pension Inflows	93,934	23,561	117,495
Other	121	5,153	5,274
Total Deferred Inflows of Resources	<u>4,014,738</u>	<u>99,343</u>	<u>4,114,081</u>
NET POSITION			
Net Investment in Capital Assets	12,608,612	11,744,344	24,352,956
Restricted	952,856	284,378	1,237,234
Unrestricted	2,874,203	1,870,854	4,745,057
Total Net Position	<u>16,435,671</u>	<u>13,899,576</u>	<u>30,335,247</u>
Total Net Position, Liabilities and Deferred Inflows	<u>\$ 33,280,863</u>	<u>\$ 17,261,105</u>	<u>\$ 50,541,968</u>

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR

Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 1,099,640	\$ 96,084	\$ -	\$ -	\$ (1,003,556)	\$ -	\$ (1,003,556)
Public Safety	824,072	331,737	26,028	-	(466,307)	-	(466,307)
Public Works	2,002,111	430,077	221,017	136,359	(1,214,658)	-	(1,214,658)
Health, Welfare and Sanitation	-	-	258	-	258	-	258
Culture, Recreation and Education	421,074	530,380	-	-	109,306	-	109,306
Conservation and Development	341,871	-	-	2,662,340	2,320,469	-	2,320,469
Interest on Long-Term Debt	423,534	-	-	-	(423,534)	-	(423,534)
Total Governmental Activities	5,112,302	1,388,278	247,303	2,798,699	(678,022)	1,208,541	(678,022)
Business-Type Activities							
Water Utility #1	704,363	500,782	-	967,353	-	\$ 763,772	763,772
Sewer Utility #1	577,858	550,413	-	555,402	-	527,957	527,957
Water Utility #2	173,797	129,616	-	-	-	(44,181)	(44,181)
Sewer Utility #2	117,474	78,467	-	-	-	(39,007)	(39,007)
Total Business-Type Activities	1,573,492	1,259,278	-	1,522,755	-	1,208,541	1,208,541
Total Primary Government	5,112,302	1,388,278	247,303	2,798,699	(678,022)	1,208,541	530,519
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,908,516	-	1,908,516
Property taxes, levied for debt service					1,328,870	-	1,328,870
Room taxes					10,757	-	10,757
Other taxes					52,790	-	52,790
Grants and contributions not restricted to specific programs					71,031	-	71,031
Unrestricted investment earnings					52,583	10,709	63,292
Miscellaneous					222,232	30,852	253,084
Special item - gain(loss) on sale of assets					634,455	-	634,455
Transfers					120,268	(120,268)	-
Total General Revenues and Special Items					4,401,502	(78,707)	4,322,795
Change in Net Position					3,723,480	1,129,834	4,853,314
Net Position - Beginning, as previously reported					11,832,017	10,690,816	22,522,833
Prior Period Adjustment - See Note 10					880,174	2,078,926	2,959,100
Net Position - Beginning					12,712,191	12,769,742	25,481,933
Net Position - Ending					\$ 16,435,671	\$ 13,899,576	\$ 30,335,247

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR

Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,069,755	\$ 1,887,506	\$ 1,105,224	\$ 509,919	\$ 5,572,404
Restricted Cash	-	-	-	448,159	448,159
Receivables:					
Taxes	2,325,909	1,522,874	-	72,045	3,920,828
Special Assessments	5,018	-	-	-	5,018
Other	18,491	44,427	15,388	28,507	106,813
Due from Other Funds	6,680	-	-	-	6,680
Advances Receivable	173,330	-	-	-	173,330
Prepaid Expenses	117	-	-	-	117
Total Assets	\$ 4,599,300	\$ 3,454,807	\$ 1,120,612	\$ 1,058,630	\$ 10,233,349

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 138,950	\$ -	\$ 267,366	\$ 73,625	\$ 479,941
Due to Other Funds	876	-	-	6,512	7,388
Advances Payable	-	-	-	173,330	173,330
Payable to Other Governments	646	-	-	-	646
Total Liabilities	140,472	-	267,366	253,467	661,305
Deferred Inflows:					
Tax Levy	1,837,474	1,522,874	-	72,045	3,432,393
Special Charges	492,070	-	-	-	492,070
Other	121	44,427	-	-	44,548
Total Deferred Inflows	2,329,665	1,567,301	-	72,045	3,969,011
Fund Balances:					
Nonspendable	173,447	-	-	-	173,447
Restricted	477,960	-	853,246	767,700	2,098,906
Committed	17,250	-	-	-	17,250
Assigned	480,000	1,887,506	-	194,216	2,561,722
Unassigned (Deficit)	980,506	-	-	(228,798)	751,708
Total Fund Balances	2,129,163	1,887,506	853,246	733,118	5,603,033
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,599,300	\$ 3,454,807	\$ 1,120,612	\$ 1,058,630	\$ 10,233,349

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016**

Total fund balance, governmental funds	\$	5,603,033
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		18,106,784
<p>Land held for resale is capitalized on government-wide financial statements but is recorded as an expenditure when purchased on the fund financial statements. This is the amount after adjustment for sales of land.</p>		3,585,742
<p>Certain other deferred inflows that are not available to pay current period expenditures and therefore are not recognized as revenue in this fund financial statement, but are accrued in the governmental activities of the Statement of Net Position. This amount represents deferred special assessments and fire district and community center loan repayments.</p>		(710)
<p>Investment in joint ventures are not financial resources and, therefore, are not reported in the fund statements. This amount represents the current investment in the fire district and community center.</p>		1,319,711
<p>The net pension liability is not due and payable in current period and, therefore, is not reported in the fund statements.</p>		(44,073)
<p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. 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</p>		
Deferred outflows of resources	244,503	
Deferred inflows of resources	<u>(93,934)</u>	150,569
<p>Some liabilities, (such as Long-Term Debt and Accrued Interest), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Current portion of Long-Term Debt	1,469,890	
Non-current portion of Long-Term Debt	10,600,000	
Compensated Absences	19,690	
Non-current portion of Capital Leases Payable	92,087	
Accrued Interest	<u>103,718</u>	<u>(12,285,385)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>16,435,671</u></u>

VILLAGE OF WINDSOR

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016**

	General Fund	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 1,847,611	\$ 1,328,870	-	60,000	\$ 3,236,481
Other Taxes	63,972	-	-	479	64,451
Intergovernmental	302,946	-	15,388	-	318,334
License and Permits	303,455	-	-	140,514	443,969
Fines, Forfeits and Penalties	20,705	-	-	-	20,705
Public Charges for Services	961,560	-	-	52,185	1,013,745
Interest Income	19,911	6,538	12,535	2,145	41,129
Miscellaneous Income	192,506	54,415	-	68,598	315,519
Total Revenues	<u>3,712,666</u>	<u>1,389,823</u>	<u>27,923</u>	<u>323,921</u>	<u>5,454,333</u>
EXPENDITURES					
Current:					
General Government	856,250	302	791	78,141	935,484
Public Safety	826,754	-	-	-	826,754
Public Works	798,319	-	-	33,934	832,253
Culture, Recreation and Education	459,968	-	62,457	-	522,425
Conservation and Development	169,184	-	-	162,294	331,478
Capital Outlay	-	-	580,738	76,931	657,669
Debt Service	-	958,410	-	-	958,410
Principal Repayment	-	415,402	1,175	114,159	530,736
Interest Expense & Fiscal Charges	-	1,374,114	645,161	465,459	5,595,209
Total Expenditures	<u>3,110,475</u>	<u>1,374,114</u>	<u>645,161</u>	<u>465,459</u>	<u>5,595,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>602,191</u>	<u>15,709</u>	<u>(617,238)</u>	<u>(141,538)</u>	<u>(140,876)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	-	1,602,583	-	-	1,602,583
Proceeds from Long-Term Debt	-	640,000	50,000	-	690,000
Principal Payments - Refunding Debt	-	(875,000)	-	-	(875,000)
Premium on Long-Term Debt	-	12,114	2,819	-	14,933
Transfers In	-	15,000	-	193,058	208,058
Transfers Out	(72,790)	-	-	(15,000)	(87,790)
Total Other Financing Sources and Uses	<u>(72,790)</u>	<u>1,394,697</u>	<u>52,819</u>	<u>178,058</u>	<u>1,552,784</u>
Net Change in Fund Balances	529,401	1,410,406	(564,419)	36,520	1,411,908
Fund Balances - Beginning	1,599,762	477,100	1,417,665	696,598	4,191,125
Fund Balances - Ending	<u>\$ 2,129,163</u>	<u>\$ 1,887,506</u>	<u>\$ 853,246</u>	<u>\$ 733,118</u>	<u>\$ 5,603,033</u>

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016**

Net change in fund balances - total governmental funds:	\$ 1,411,908
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> <p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>	
This is the amount by which depreciation (\$821,806) was more than capital outlays (\$410,153) in the current period.	(411,653)
Contributions of capital assets are recorded on the Statement of Net Position as an asset and as revenue in the statement of activities.	2,662,340
Gain (Loss) on disposal of capital assets during the period.	(30,717)
The proportionate share of the change in net position related to joint ventures reported in the statement of activities.	25,815
Compensated absences are 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.	
Change in compensated absences	(1,186)
The Statement of Activities reports only the net gain or (loss) on the sale of the land held for resale. The amount indicated here is the recovery of the basis on the sale of the land held for resale.	(937,411)
Governmental funds record revenues when they are available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This amount represents revenue recorded on the fund financial statements that was accrued in previous years.	(109,707)
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of principal repayments on debt (\$1,875,000) and principal payments on capital leases (\$58,410) less current year proceeds (\$690,000) during the year.	1,243,410
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest	1,221
Amortization of debt discount not reflected on Governmental funds	(8,951)
Amortization of debt premium not reflected on Governmental funds	11,553
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.	
Amount of current year required contributions into the defined benefit pension plan	27,178
Actuarially determined change in net pension asset between years, with adjustments	(160,320)
Change in Net Position of governmental activities	\$ 3,723,480

VILLAGE OF WINDSOR

Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds				Total
	Major		Non-Major		
	Water Utility UD #1	Sewer Utility UD #1	Water Utility UD #2	Sewer Utility UD #2	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 386,762	\$ 1,470,050	\$ 3,588	\$ -	\$ 1,860,400
Receivables:					
Special Assessments	1,955	7,303	500	509	10,267
Accounts	96,128	133,516	15,161	14,794	259,599
Due from Other Funds	1,034	-	48,886	3	49,923
Inventories	25,409	-	-	-	25,409
Total Current Assets	511,288	1,610,869	68,135	15,306	2,205,598
Restricted Assets:					
Restricted Cash and Cash Equivalents	995,142	-	67,539	91,671	1,154,352
Total Restricted Assets	995,142	-	67,539	91,671	1,154,352
Capital Assets:					
Land and Improvements	133,918	53,025	9,119	-	196,062
Other Capital Assets	9,639,526	5,125,255	1,553,220	1,439,399	17,757,400
Less: Accumulated Depreciation	(1,671,468)	(1,504,335)	(366,568)	(522,821)	(4,065,192)
Net Capital Assets	8,101,976	3,673,945	1,195,771	916,578	13,888,270
Total Assets	9,608,406	5,284,814	1,331,445	1,023,555	17,248,220
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Outflows	37,920	22,248	-	-	60,168
Total Deferred Outflows of Resources	37,920	22,248	-	-	60,168
Total Assets and Deferred Outflows of Resources	\$ 9,646,326	\$ 5,307,062	\$ 1,331,445	\$ 1,023,555	\$ 17,308,388

VILLAGE OF WINDSOR

Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds				Total
	Water Utility UD #1	Major Sewer Utility UD #1	Water Utility UD #2	Non-Major Sewer Utility UD #2	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 19,070	\$ 94,351	\$ 25,921	\$ 14,955	\$ 154,297
Accrued Liabilities	26,154	-	2,744	-	28,898
Accrued Interest Payable	53,099	-	929	67	54,095
Due to Other Funds	-	-	3	47,280	47,283
Current Portion of G.O. and Revenue Bonds Payable	125,880	-	30,854	20,820	177,554
Total Current Liabilities	224,203	94,351	60,451	83,122	462,127
Non-Current Liabilities:					
Net Pension Liability	6,930	4,066	-	-	10,996
Long-Term Debt:					
G.O. and Revenue Bonds Payable	2,379,634	-	456,712	-	2,836,346
Total Long-Term Debt	2,379,634	-	456,712	-	2,836,346
Total Non-Current Liabilities	2,386,564	4,066	456,712	-	2,847,342
Total Liabilities	2,610,767	98,417	517,163	83,122	3,309,469
DEFERRED INFLOWS OF RESOURCES					
Other Deferred Credits	33,693	-	36,936	-	70,629
Deferred Pension Inflows	14,849	8,712	-	-	23,561
Deferred Inflows - Other	5,153	-	-	-	5,153
Total Deferred Inflows of Resources	53,695	8,712	36,936	-	99,343
NET POSITION					
Net Investment in Capital Assets	6,466,436	3,673,945	708,205	895,758	11,744,344
Restricted Assets	125,168	-	67,539	91,671	284,378
Unrestricted	390,260	1,525,988	1,602	(46,996)	1,870,854
Total Net Position	6,981,864	5,199,933	777,346	940,433	13,899,576
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,646,326	\$ 5,307,062	\$ 1,331,445	\$ 1,023,555	\$ 17,308,388

VILLAGE OF WINDSOR

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds			Total
	Water Utility UD #1	Major Sewer Utility UD #1	Water Utility UD #2	
OPERATING REVENUES				
Charges for Services	\$ 388,263	\$ 521,228	\$ 88,496	\$ 56,881
Other Operating Revenues	112,519	29,185	41,120	21,586
Total Operating Revenues	500,782	550,413	129,616	78,467
OPERATING EXPENSES				
Operation and Maintenance	215,619	490,338	118,153	87,653
Depreciation	176,586	87,519	49,576	29,203
Total Operating Expenses	392,205	577,857	167,729	116,856
Operating Income (Loss)	108,577	(27,444)	(38,113)	(38,389)
NON-OPERATING REVENUES (EXPENSES)				
Amortization Revenue	4,815	-	5,277	-
Interest and Investment Revenue	6,887	3,140	290	392
Miscellaneous Non-Operating Revenue	18,133	-	191	2,435
Miscellaneous Non-Operating Expense	(173,166)	-	-	-
Interest Expense	(138,993)	-	(6,067)	(618)
Total Non-Operating Revenues (Expenses)	(282,324)	3,140	(309)	2,209
Income (Loss) Before Transfers and Special Items	(173,747)	(24,304)	(38,422)	(36,180)
Capital Contributions - Developers	877,353	555,402	-	-
Impact Fees	90,000	-	-	-
Transfers Out	(120,268)	-	-	-
Change in Net Position	673,338	531,098	(38,422)	(36,180)
Net Position - Beginning, as previously reported	5,458,346	3,440,089	815,768	976,613
Prior Period Adjustment - See Note 10	850,180	1,228,746	-	-
Net Position - Beginning, as restated	6,308,526	4,668,835	815,768	976,613
Total Net Position - Ending	\$ 6,981,864	\$ 5,199,933	\$ 777,346	\$ 940,433

VILLAGE OF WINDSOR

Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Water Utility UD #1	Sewer Utility UD #1	Water Utility UD #2	Sewer Utility UD #2	Total
Cash Flows from Operating Activities:					
Receipts from customers	\$ 357,923	\$ 502,700	\$ 86,379	\$ 55,826	\$ 1,002,828
Other operating receipts	110,565	21,882	40,620	21,076	194,143
Other receipts	18,133	-	191	2,435	20,759
Payments (to) from others	(45,109)	(1,586)	(33,475)	47,051	(33,119)
Payments to suppliers	(124,701)	(417,937)	(78,618)	(75,147)	(696,403)
Payments to employees	(68,307)	(49,693)	(19,808)	(13,338)	(151,146)
Taxes paid	(4,053)	(2,435)	(1,248)	(826)	(8,562)
Net cash provided (used) by operating activities	244,451	52,931	(5,959)	37,077	328,500
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of plant assets	(202,067)	-	(5,760)	-	(207,827)
Impact fees and special assessments collected	186,975	-	-	-	186,975
Principal payments on long-term debt	(70,834)	-	(30,559)	(20,687)	(122,080)
Interest paid	(160,861)	-	(6,116)	(596)	(167,573)
Net cash provided (used) by capital and related financing activities	(246,787)	-	(42,435)	(21,283)	(310,505)
Cash Flows from Investing Activities:					
Interest Income	6,887	3,140	290	392	10,709
Net cash provided (used) by investing activities	6,887	3,140	290	392	10,709
Net increase (decrease) in cash and equivalents	4,551	56,071	(48,104)	16,186	28,704
Cash and Equivalents, Beginning of year	1,377,353	1,413,979	119,231	75,485	2,986,048
Cash and Equivalents, End of year	\$ 1,381,904	\$ 1,470,050	\$ 71,127	\$ 91,671	\$ 3,014,752
Reconciliation to Balance Sheet					
Cash and cash equivalents	\$ 386,762	\$ 1,470,050	\$ 3,588	\$ -	\$ 1,860,400
Restricted Cash	995,142	-	67,539	91,671	1,154,352
Total	\$ 1,381,904	\$ 1,470,050	\$ 71,127	\$ 91,671	\$ 3,014,752
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating Income (loss)	\$ 108,577	\$ (27,444)	\$ (38,113)	\$ (38,389)	\$ 4,631
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Joint meter allocation	5,022	(5,022)	415	(415)	-
Miscellaneous non-operating revenues (expenses)	18,133	-	191	2,435	20,759
Depreciation	176,586	87,519	49,576	29,203	342,884
Pension expenses	571	7,239	-	-	7,810
Changes in Assets and Liabilities:					
Customer accounts receivable	(30,340)	(18,528)	(2,117)	(1,055)	(52,040)
Other accounts receivable	(1,954)	(7,303)	(500)	(510)	(10,267)
Due from/to other funds	(683)	(1,586)	33,189	47,051	77,971
Due from/to other governments	(44,426)	-	(66,664)	-	(111,090)
Accounts payable	12,893	17,982	18,064	(1,243)	47,696
Accrued liabilities	72	74	-	-	146
Net cash provided (used) by operating activities	\$ 244,451	\$ 52,931	\$ (5,959)	\$ 37,077	\$ 328,500
Noncash Capital and Related Financing					
Capital Contributions - Plant financed by Developers	\$ 825,665	\$ 555,402	\$ -	\$ -	\$ 1,381,067

VILLAGE OF WINDSOR

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016**

	Community Center	Half-Century Club	Tax Agency	Total Fiduciary Funds
ASSETS				
Cash and Cash Equivalents	\$ 585,910	\$ 30,037	\$ 7,990,130	\$ 8,606,077
Receivables:				
Taxes Receivable	-	-	3,253,093	3,253,093
Due from Other Funds	864	251	-	1,115
Due from Other Governments	-	-	828	828
Total Assets	<u>\$ 586,774</u>	<u>\$ 30,288</u>	<u>\$ 11,244,051</u>	<u>\$ 11,861,113</u>
LIABILITIES				
Due to Other Funds	\$ 406	-	\$ 2,640	\$ 3,046
Due to Other Organizations	586,368	30,288	-	616,656
Due to Other Governments	-	-	11,241,411	11,241,411
Total Liabilities	<u>\$ 586,774</u>	<u>\$ 30,288</u>	<u>\$ 11,244,051</u>	<u>\$ 11,861,113</u>

See accompanying notes to the basic financial statements

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Windsor (formerly the Town of Windsor), Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all of the funds of the Village of Windsor. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Incorporation

On November 3, 2015, the Town of Windsor residents passed a referendum to legally incorporate as a village. The Village of Windsor was officially incorporated as of November 9, 2015. Under incorporation as a Village, all utility district's within the boundaries of the Village become a utility(ies) of the newly formed Village. There were (4) operating sanitary districts as of the date of incorporation that dissolved by operation of law at the time of incorporation. The financial statements presented report all funds of the Village, including the sanitary districts that are reported as proprietary / business-type funds.

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. This report does not contain the Madison Metropolitan Sewer District, Windsor Lake District, and Oak Springs Lake District which the Town does not consider component units. See Note 8 regarding intergovernmental agreements.

Component Units

Community Development Authority

The financial statements include the Village's Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the Village board. The CDA meets the criteria of a component unit of the Village. As a component unit, the Authority's financial statements have been presented as a blended entity in the basic financial statements. It was blended since the Village issued debt to purchase land for the benefit on the CDA. The information presented is for the fiscal year ended December 31, 2016.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-wide financial statements are basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund 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 and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

In addition, all funds in the fund financial statements are reported as proprietary, governmental, or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

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

- a. Total assets and deferred outflows, liabilities and deferred inflows, 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. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are 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 Town believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements (Continued)

Governmental Funds

The Village reports the following major governmental funds:

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

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related charges.

Capital Projects Fund – accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The Village, in addition to the major funds identified above, reports the following non-major funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to or committed for expenditures for specified purposes. The Village accounts for activity of the Developer Charge-back Fund as a Special Revenue Fund. These funds are managed by the Village.

Community Development Authority Fund (“CDA”) – accounts for the CDA’s primary operating activities.

Other Capital Projects Funds – The Non-Major Capital Project Funds include the Purchase of Development Rights Fund, the Capital Projects Reserve/Replacement Fund, and the Impact Fee Fund.

Proprietary Funds

Proprietary funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following proprietary funds are included in these statements:

Water Utility District #1 – accounts for the operation of the water system. (Major Fund)
Sewer Utility District #1 – accounts for the operation of the sewer system. (Major Fund)
Water Utility District #2 – account for the operation of the water system. (Major Fund)
Sewer Utility District #2 – account for the operation of the sewer system. (Non-Major Fund)

Fiduciary Funds

Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village has the following agency funds: Community Center, Half Century Club and the Tax Agency Fund.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made, regardless of the measurement focus applied.

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. Grants and similar items are recognized as revenue when earned.

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. “Measurable” means the amount of the transaction can be determined. 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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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.

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows 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 liability for deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and 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 funds' principal ongoing operations. The principal operating revenues of the water and sewer utilities are charged to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

1) Cash and Cash Equivalents/Investments (Continued)

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

See Footnote 2 for additional information.

2) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Village's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Village taxes. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2016 tax roll

Lien date and levy date	December, 2016
Tax Bills mailed	December, 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	October, 2019
real estate taxes	

3) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance was determined to be necessary for delinquent personal property taxes at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

4) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred special assessments, those not subject to collection, are recorded as other liability until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by Dane County and are remitted to the Village upon collection by the County. These delinquent installments are financed by the general fund.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

5) Inventories and Prepaid Items

Inventories

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material. Inventories of proprietary funds are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost using the weighted average method and are charged to construction and/or operation and maintenance expense when used.

Prepaid

Expenditures paid in advance of the period the expenditure is incurred are recorded as prepaid assets.

6) 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 tangible and intangible assets that have useful lives that extend beyond a single reporting period. Capitalization thresholds for capitalizing individual fixed assets and groups of fixed assets are \$1,000 for non-fixed equipment and depreciable land improvements and \$5,000 for infrastructure assets and building and improvements. Land and non-depreciable land improvements are all recorded.

All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements. Retroactive reporting of all major general infrastructure assets is encouraged but not required. Infrastructure acquired prior to 2005 has been recorded.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated using the straight-line method based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

Proprietary Fund Fixed Assets - Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition. The Water Utility District #1 and Sewer Utility District #1 have not recorded all of the developer contributed utility plant in prior years. The amount by which this departure would affect the assets, net position, and depreciation expense of the Water Utility District #1 and Sewer Utility District #1 has not been determined.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

6) Capital Assets (Continued)

Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2016.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.0% to 26.70% for the water utility and from 1.0% to 20.0% for the sewer utility, depending on the various classes of property, in the respective utilities.

7) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred 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.

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.

8) Debt Issuance Costs / Discounts

In governmental funds, debt issuance costs and discounts are recognized as expenditures in the current period. For the government-wide financial statements, only debt discounts are deferred and amortized over the term of the debt issue.

9) Compensated Absences

Under terms of employment, Village employees are granted vacations and sick leave in varying amounts. Regular full-time employees who retire from the Village employment under the provisions of the Wisconsin Retirement System will receive credit for accrued, unused sick leave up to a maximum of 240 hours to be used by the Village for purposes of paying the premium for continued health insurance coverage for the employee and his/her dependents for any plan in which the employee is participating at the time of his/her retirement. Employees will not be credited with any pro-rated amount of sick leave for the year in which retirement occurs. Accrued, unused sick leave is not otherwise paid out at termination for employees who are not retiring. A liability has been recorded in the government-wide financial statements for accumulated unused sick leave.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

10) Deferred Outflows and Inflows of Resources

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 then. 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.

11) 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 bond payable, and accrued compensated absences.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

12) 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.
- 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 Financial Statements

Government fund equity is classified as fund balance.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

12) Equity Classifications (Continued)

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Board or a body or official to which the Town Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

It is the Village's goal to maintain a general fund unassigned fund balance at a range of not less than 25% to 30% of the current operating budget. The Village's long-term goal is to maintain and unassigned general fund balance that would alleviate the need to borrow short-term for operation cash flow needs.

When restricted and other fund balance resources are available for use, it is the Village's practice to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

13) Land Held for Resale

The government-wide financial statements include land held for resale. This represents the original cost of land purchased by the Village's CDA and held for resale back to a developer. In 2011, the Village sold a portion of the Land Held for Resale. The value of the asset has been adjusted and reduced to the cost of the remaining number of acres.

14) 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 as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies (Continued)

E. Utility Rates – Proprietary Funds

The Village of Windsor Sewer Utilities operate under service rules which are established by the Village Board. The Water Utilities operate under service rules which are established by the Public Service Commission of Wisconsin. Water rate charges are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water and sewer service.

F. Income Taxes

The Village of Windsor Water and Sewer Utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

G. Budgetary Information

Budgets

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

The General Fund includes special revenue funds that do not meet the criteria of an individual fund under GASB 54. The budgetary comparison schedule on page 48 does not include these special revenue funds. A reconciliation is provided to reconcile to the Statement of Revenues, Expenditures and Changes in Fund balance on page 5.

H. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies (Continued)

I. Limitations on the Town Tax Levy

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the town's future tax levies. Generally, the town is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the town's equalized value due to new construction, or 0%. Changes in debt service from one year to the next are generally exempt from this limit.

2. Cash and Cash Equivalents/Investments

As previously discussed, cash for all Village funds are pooled for investment purposes. At December 31, 2016, the cash and investments consist of the following:

Village Deposits	\$	Risks
Petty Cash/Cash on Hand	165	
Money Market Fund	403,354	Custodial Credit
Deposits with Financial Institutions	12,848,637	Custodial Credit
Wisconsin Local Government Investment Pool	2,442,441	Credit/Interest Rate
Certificates of Deposit	1,946,795	Custodial Credit/Interest Rate
Total Cash and Investments	\$ 17,641,392	

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

Government-Wide Statement of Net Position	\$
Cash and Equivalents	7,432,804
Restricted Cash and Equivalents	1,602,511
Fiduciary Statement of Net Position	
Cash and Equivalents	8,606,077
	\$ 17,641,392

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

2. Cash and Cash Equivalents/Investments (Continued)

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by State Statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Town plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

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.

The Village's investment policy states that it will minimize this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Village's investments included the following:

Investment Type	Investment Maturities		
	Fair Value	Less Than 6 Months to 1 Year	1 Year to 5 Years
Local Government Investment Pool	\$2,442,441	\$ -	\$ -
Certificates of Deposit	1,946,795	469,159	178,728
Total	\$4,389,236	\$ 2,911,600	\$ 178,728
			\$ 1,298,908

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

2. Cash and Cash Equivalents/Investments (Continued)

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's formal investment policy limits this risk by limiting investments to the type of securities permitted by state statutes. All of the Village's investments are in CDs and Local Government Investment Pool, an external pool which is 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 the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. 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.

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.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

2. Cash and Cash Equivalents/Investments (Continued)

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.

Investment allocation in the LGIP as of December 31, 2016 was: 95.5% in U.S. Government Securities, 0.93% in Certificates of Deposit and Bankers' Acceptances and 3.57% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

As of December 31, 2016, \$427,506 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. Deposits were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$ 10,772,350
Uninsured and Uncollateralized	427,506
	<u>\$ 11,199,856</u>

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 exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. No Village investment represents 5% or more of the total investments.

Restricted Cash

The following schedule details the restricted cash at December 31, 2016:

	Impact Fee	Water Utility UD #1	Water Utility UD #2	Sewer Utility UD #2
Impacted Fees	\$ 448,159	\$ 125,168	\$ -	\$ -
Unspent Bond Proceeds	-	869,974	-	-
Water Replacement Fund	-	-	67,539	-
Sewer Replacement Fund	-	-	-	91,671
	<u>\$ 448,159</u>	<u>\$ 995,142</u>	<u>\$ 67,539</u>	<u>\$ 91,671</u>

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

3. Capital Assets

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

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 4,357,680	\$ -	\$ -	\$ 4,357,680
Conservation Easements	1,268,267	-	-	1,268,267
Construction in Progress	99,907	-	99,907	-
Total Non-depreciable Capital Assets	<u>5,725,854</u>	<u>-</u>	<u>99,907</u>	<u>5,625,947</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,899,137	31,485	-	2,930,622
Equipment	1,163,495	191,324	28,995	1,325,824
Infrastructure	17,816,462	2,921,731	29,362	20,708,831
Total Capital Assets Being Depreciated	<u>21,879,094</u>	<u>3,144,540</u>	<u>58,357</u>	<u>24,965,277</u>
Total Capital Assets	<u>\$ 27,604,948</u>	<u>\$ 3,144,540</u>	<u>\$ 158,264</u>	<u>\$ 30,591,224</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,315,480	\$ 106,753	\$ -	\$ 1,422,233
Equipment	529,095	107,528	26,138	610,485
Infrastructure	9,873,559	607,525	29,362	10,451,722
Total Accumulated Depreciation	<u>11,718,134</u>	<u>821,806</u>	<u>55,500</u>	<u>12,484,440</u>
Capital Assets Net of Depreciation	<u>\$ 15,886,814</u>	<u>\$ 2,322,734</u>	<u>\$ 102,764</u>	<u>\$ 18,106,784</u>

*Indicates beginning balance was restated. See Note 10 for addition information.

Depreciation expense was charged to functions as follows:

	\$
Governmental Activities	
General Government	56,703
Public Safety	167
Public Works	657,597
Conservation and Development	5,017
Culture, Recreation and Education	102,322
Total Governmental Activities Depreciation Expense	<u>\$ 821,806</u>

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

3. Capital Assets (Continued)

Capital assets activity in the business-type activities for the year ended December 31, 2016 was as follows:

Business-Type Activities Water Utility UD #1	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Land	\$ 118,301	\$ -	\$ -	\$ 118,301
Construction Work in Progress	-	15,617	-	15,617
Total Non-depreciable Capital Assets	118,301	15,617	-	133,918
Capital Assets Being Depreciated:				
Source of Supply	24,236	-	-	24,236
Pumping Equipment	159,591	-	-	159,591
Water Treatment	5,075	-	-	5,075
Transmission and Distribution	8,453,447	891,849	3,340	9,341,956
Administrative and General Assets	108,668	-	-	108,668
Total Capital Assets Being Depreciated	8,751,017	891,849	3,340	9,639,526
Total Capital Assets	8,869,318	907,466	3,340	9,773,444
Less: Accumulated Depreciation	(1,493,200)	(181,608)	(3,340)	(1,671,468)
Capital Assets Net of Depreciation	\$ 7,376,118	\$ 725,858	\$ -	\$ 8,101,976

Business-Type Activities Sewer Utility UD #1	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Land	\$ 53,025	\$ -	\$ -	\$ 53,025
Total Non-depreciable Capital Assets	53,025	-	-	53,025
Capital Assets Being Depreciated:				
Collection	4,280,938	555,402	-	4,836,340
Pumping Equipment	224,019	-	-	224,019
Administrative and General Assets	64,896	-	-	64,896
Total Capital Assets Being Depreciated	4,569,853	555,402	-	5,125,255
Total Capital Assets	4,622,878	555,402	-	5,178,280
Less: Accumulated Depreciation	(1,421,838)	(82,497)	-	(1,504,335)
Capital Assets Net of Depreciation	\$ 3,201,040	\$ 472,905	\$ -	\$ 3,673,945

*Indicates beginning balance was restated. See Note 10 for addition information.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

3. Capital Assets (Continued)

Business-Type Activities Water Utility UD #2	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Land	\$ 9,119	\$ -	\$ -	\$ 9,119
Total Non-depreciable Capital Assets	9,119	-	-	9,119
Capital Assets Being Depreciated:				
Source of Supply	547,591	-	-	547,591
Pumping Equipment	758,774	-	-	758,774
Water Treatment	3,080	-	-	3,080
Transmission and Distribution	229,955	5,760	-	235,715
Administrative and General Assets	8,060	-	-	8,060
Total Capital Assets Being Depreciated	1,547,460	5,760	-	1,553,220
Total Capital Assets	1,556,579	5,760	-	1,562,339
Less: Accumulated Depreciation	(316,577)	(49,991)	-	(366,568)
Capital Assets Net of Depreciation	\$ 1,240,002	\$ (44,231)	\$ -	\$ 1,195,771

Business-Type Activities Sewer Utility UD #2	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Capital Assets Being Depreciated:				
Sewer Infrastructure	1,439,399	\$ -	\$ -	\$ 1,439,399
Total Capital Assets Being Depreciated	1,439,399	-	-	1,439,399
Less: Accumulated Depreciation	(494,033)	(28,788)	-	(522,821)
Capital Assets Net of Depreciation	\$ 945,366	\$ (28,788)	\$ -	\$ 916,578

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water Utility UD #1	\$ 176,586
Sewer Utility UD #1	87,519
Water Utility UD #2	49,576
Sewer Utility UD #2	29,203
Total	\$ 342,884

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

4. Long-Term Obligations

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

	Balance 1/1/16	Increases	Decreases	Balance 12/31/16
Governmental Activities				
Bonds, Notes and Other Payables:				
General Obligation Debt	\$ 13,195,000	\$ 690,000	\$ 1,875,000	\$ 12,010,000
Taxable Anticipation Note	-	-	-	-
Capital Lease Obligations	* 210,387	-	58,410	151,977
Add/(Subtract) Deferred Amounts For:				
(Discounts)/Premiums	51,518	-	2,601	48,917
Sub-Total	<u>13,456,905</u>	<u>690,000</u>	<u>1,936,011</u>	<u>12,210,894</u>
Other Liabilities:				
Compensated Absences	18,504	1,186	-	19,690
Total Other Liabilities	<u>18,504</u>	<u>1,186</u>	<u>-</u>	<u>19,690</u>
Total Governmental Activities	<u>\$ 13,475,409</u>	<u>\$ 691,186</u>	<u>\$ 1,936,011</u>	<u>\$ 12,230,584</u>

	Balance 1/1/16	Increases	Decreases	Balance 12/31/16
Business-Type Activities				
General Obligation Debt	\$ 2,596,347	\$ 1,280,000	\$ 1,427,902	\$ 2,448,445
Revenue Bonds	539,632	-	41,245	498,387
Add/(Subtract) Deferred Amounts For:				
(Discounts)/Premiums	-	67,068	-	67,068
Total Business-Type Activities	<u>\$ 3,135,979</u>	<u>\$ 1,347,068</u>	<u>\$ 1,469,147</u>	<u>\$ 3,013,900</u>

*Indicates beginning balance was restated. See Note 10 for addition information.

General Obligation Debt

All general obligation notes and bond 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 and revenues accumulated by the debt service fund. 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.

Cities, Villages, and Townships are statutorily limited to using 5% of their equalized value to borrow general obligation debt. According to these state statutes, the Village of Windsor is limited to borrowing \$35,897,160. General obligation debt subject to this limit is \$14,458,445 leaving the Village with an available debt margin of \$21,438,715 as of December 31, 2016.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

4. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

General obligation long-term debt issues outstanding at December 31, 2016 and total debt outstanding were as follows:

Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
Governmental Activities					
\$ 5,905,000	12/27/2010	2020	1.5-4.25%	\$ 5,005,000	\$ 500,000
2,550,000	8/18/2011	2017	2.0-2.25%	255,000	255,000
2,075,000	10/11/2012	2019	.40 - 1.25%	550,000	125,000
2,160,000	2/16/2015	2025	0.5-2.3%	2,060,000	260,000
500,000	3/31/2015	2025	2.47%	450,000	50,000
3,000,000	10/7/2015	2035	3.89%	3,000,000	-
690,000	6/21/2016	2026	2.00-2.75%	690,000	220,000
Total Governmental Activities -- General Obligation Debt				<u>\$ 12,010,000</u>	<u>\$ 1,410,000</u>

Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
Business-Type Activities					
Water Utility UD #1					
\$ 132,913	1/6/2009	2028	4.75%	* \$ 97,692	\$ 6,228
18,310	2/10/2009	2028	4.75%	* 13,400	854
1,100,000	8/3/2015	2035	3.75%	* 1,047,353	38,798
1,280,000	6/21/2016	2029	2.00-3.00%	1,280,000	80,000
Water Utility UD #2					
\$ 50,000	11/30/2007	2017	4.45%	5,000	5,000
Sewer Utility UD #2					
\$ 50,000	11/30/2007	2017	4.45%	5,000	5,000
Total Business-Type Activities -- General Obligation Debt				<u>\$ 2,448,445</u>	<u>\$ 135,880</u>

* Denotes obligation has been refunded in full in 2017. See Note 12 for additional information.

Capital Lease Obligations

\$ 148,840	9/5/2013	2018	2.30%	\$ 61,372	\$ 30,521
\$ 151,087	6/15/2015	2019	2.81%	\$ 90,605	\$ 29,369
Total Capital Lease Obligations				<u>\$ 151,977</u>	<u>\$ 59,890</u>

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

4. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Portions of the debt are to be repaid to the Village as follows:

	Receivable From	Amount	Purpose
	DeForest Area Community Center	\$ 45,333	2011 G.O. Notes
	Other Receivable-Debt Service Fund	\$ 45,333	

This is being repaid to the Village over the terms of the loans with interest. A deferred inflow has been set up on the debt service fund. This has been accrued in previous years on the government-wide statements.

The annual payments necessary to retire the general obligation debt including interest are as follows:

Year	Governmental Activities General Obligation Debt		Total
	Principal	Interest	
2017	\$ 1,410,000	\$ 404,564	\$ 1,814,564
2018	1,295,000	363,539	1,658,539
2019	1,165,000	327,436	1,492,436
2020	3,910,000	295,010	4,205,010
2021	430,000	138,208	568,208
2022-2026	1,675,000	554,579	2,229,579
2027-2031	1,050,000	345,719	1,395,719
2032-2035	1,075,000	110,375	1,185,375
Total	\$ 12,010,000	\$ 2,539,431	\$ 14,549,431

Year	Business-Type Activities General Obligation Debt		Total
	Principal	Interest	
2017	\$ 135,880	\$ 81,699	\$ 217,579
2018	132,672	71,796	204,468
2019	139,534	68,184	207,718
2020	146,364	64,268	210,632
2021	148,476	59,779	208,255
2022-2026	815,352	226,615	1,041,967
2027-2031	645,118	100,130	745,248
2032-2035	285,049	27,246	312,295
Total	\$ 2,448,445	\$ 699,718	\$ 3,148,163

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

4. Long-Term Obligations (Continued)

Current Refunding

During 2016, the Village issued \$1,970,000 in general obligation bonds. A portion of these bonds were used to refund outstanding portions of various State Trust Fund Loans issued by the Water Utility #1 prior to incorporation. The bonds were used to current refund \$1,964,415 in outstanding principal and interest as of the date of the refunding. The net present value of savings was approximately \$259,000.

Revenue Debt

Business-type activities revenue bonds are payable only from revenue derived from the operation of the water and sewer utilities

	Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
Business-Type Activities Water Utility UD #2	\$ 500,000	6/12/2013	2033	1.16%	\$ 482,567	\$ 25,854
Sewer Utility UD #2	\$ 547,008	1/14/1998	2017	0.85%	15,820	15,820
Total Business-Type Activities -- Revenue Debt					\$ 498,387	\$ 41,674

Debt service requirements to maturity are as follows:

Year	Business-Type Activities Revenue Debt		Total
	Principal	Interest	
2017	\$ 41,674	\$ 5,491	\$ 47,165
2018	26,152	5,124	31,276
2019	26,454	4,820	31,275
2020	26,760	4,513	31,273
2021	27,069	4,202	31,271
2022-2026	140,108	16,220	156,328
2027-2031	148,388	7,892	156,280
2032-2035	61,782	716	62,498
Total	\$ 498,387	\$ 48,978	\$ 547,365

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

4. Long-Term Obligations (Continued)

Revenue Debt (Continued)

The Village issued revenue bonds that require restrictive provisions and covenants. The more major provisions require that reserves be maintained and that the net revenues for each fiscal year provide debt coverage at least equal to 110% in the Water and Sewer funds.

The following is the bond reserves of the Water and Sewer Funds and the calculations of the coverage as of December 31, 2016:

	Water UD #2	Sewer UD #2
Bond Reserves		
Replacement Account	\$ 67,539	\$ 91,671
Total	<u>\$ 67,539</u>	<u>\$ 91,671</u>
Coverage Covenant Calculation		
Gross Revenue	\$ 129,616	\$ 78,467
Other Revenues	481	827
Operation and Maintenance Expenses - (Excluding Depreciation)	<u>(118,153)</u>	<u>(87,653)</u>
Net Revenues	<u>\$ 11,944</u>	<u>\$ (8,359)</u>
Maximum annual debt service	<u>\$ 31,278</u>	<u>\$ 15,887</u>
Percent Coverage	38%	-53%
Percent Coverage Required	110%	110%

As of December 31, 2016, net revenues were not sufficient to meet the coverage ratio requirement for both the Water and Sewer Utilities in UD #2.

Capital Lease

Equipment capitalized with leases

\$ 299,927

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2016:

Year Ended December 31,	
2017	\$ 63,827
2018	63,827
2019	31,915
Total Minimum Lease Payments	<u>159,569</u>
Less: Amount representing interest	<u>(7,592)</u>
Present Value of net minimum lease payments	<u>\$ 151,977</u>

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

5. Interfund Transactions

The following interfund payables and receivables were outstanding as of December 31, 2016.

Receivable Fund	Payable Fund	Amount	Purpose
Community Center (Agency)	General	\$ 709	Operations
General	Developer Chargeback Fund	2,492	Cash shortfall
General	CDA	4,020	Operations
General	TIF District #1	173,330	Cash shortfall
Water Utility UD #1	General	173,166	Operations
Water Utility UD #1	Tax Agency	1,034	Operations
Half-Century Club (Agency)	Community Center (Agency)	251	Operations
Water Utility UD #2	Sewer Utility UD#2	47,277	Cash shortfall
Water Utility UD #2	Tax Agency	1,605	Operations
Sub-Total - Fund Financial Statements		<u>403,884</u>	
Less: Fund Eliminations		<u>(401,953)</u>	
Total - Government-Wide Statement of Net Position		<u>\$ 1,931</u>	

For the Statement of Net Position, interfund balances which are owed within the governmental or business activities are netted and eliminated.

The following are interfund transfers that occurred:

Receivable Fund	Payable Fund	Amount	Purpose
TIF #1	Water Utility UD#1	\$ 120,268	Reimbursement
Debt Service	CDA	15,000	Reimbursement
Capital Projects Reserve	General Fund	25,000	Operations
CDA	General Fund	47,790	Operations
Sub-Total - Fund Financial Statements		<u>208,058</u>	
Less: Fund Eliminations		<u>(87,790)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 120,268</u>	

For the Statement of Activities, inter-fund transfers within the within the governmental activities or business-type activities are netted and eliminated.

6. Lease of Village Hall

On September 4, 2003, the Village entered into a lease with the Dane County Sheriff's Department for occupation of approximately 2,500 square feet of the existing Village Hall for the period of January 1, 2004 through August 31, 2004. Effective September 1, 2004, the Dane County Sheriff's Department occupied approximately 7,000 square feet of the remodeled Village Hall. The Village occupies and maintains the remaining portion of the building.

The lease term is for twenty-one years commencing January 1, 2004 and ending midnight of the 31st day of December, 2024. Effective January 1, 2005, the lease calls for the Sheriff's Department to pay \$12,700 a quarter, on the first day of January, April, July, and October through 2024. The Town received \$50,800 in lease payments in 2016.

7. Defined Benefit Pension Plan

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective 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.

7. Defined Benefit Pension Plan (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 \$55,045 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

7. Defined Benefit Pension Plan (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 \$90,240 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 (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village's proportion was 0.00555326%, which was an increase of 0.00005616% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$108,139.

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	\$ 15,266	\$ (189,907)
Changes of assumptions	63,136	-
Net difference between projected and actual earnings on pension plan investments	369,466	-
Changes in proportion and difference between District contributions and proportionate share of contributions	181	(2,545)
District contributions subsequent to the measurement date	54,766	-
Total	<u>\$ 502,815</u>	<u>\$ (192,452)</u>

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

7. Defined Benefit Pension Plan (Continued)

\$54,766 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. 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 June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 116,328	\$ (46,659)
2018	116,328	(46,659)
2019	116,328	(46,659)
2020	97,040	(46,368)
2021	2,027	(6,106)

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:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. 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 WINDSOR
Notes to Financial Statements
December 31, 2016

7. Defined Benefit Pension Plan (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		Long-Term		Long-Term	
	Asset Allocation %	Destination Target Asset Allocation %	Expected Rate of Return %	Expected Rate of Return %	Expected Real Rate of Return %	Expected Real Rate of Return %
Core Fund Asset Class	27	23	7.6	7.6	4.7	4.7
U.S. Equities	24.5	22	8.5	8.5	5.6	5.6
International Equities	27.5	37	4.4	4.4	1.6	1.6
Fixed Income	10	20	4.2	4.2	1.4	1.4
Inflation Sensitive Assets	7	7	6.5	6.5	3.6	3.6
Real Estate	7	7	9.4	9.4	6.5	6.5
Private Equity/Debt	4	4	6.7	6.7	3.8	3.8
Multi-Asset	107	120	7.4	7.4	4.5	4.5
Total Core Fund						
Variable Fund Asset Class						
U.S. Equities	70	70	7.6	7.6	4.7	4.7
International Equities	30	30	8.5	8.5	5.6	5.6
Total Variable Fund	100	100	7.9	7.9	5.0	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 WINDSOR
Notes to Financial Statements
December 31, 2016

7. Defined Benefit Pension Plan (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 632,941	\$ 90,239	\$ (333,620)

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

Allocation of Pension Plan Disclosures

Pension amounts are allocated between governmental, proprietary and agency type funds based on the percentage of required contributions or retirement expenses accounted for in each fund type. Allocations for the DeForest Area Community Center, reported as an agency fund, are included in this footnote but are reported in a separately issued financial statement report.

8. Inter-municipal Agreements

Fire Protection

The Village of Windsor, along with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Fire Protection District. This agreement was executed on April 15, 1993 and amended in 1997.

The agreement specified that fire protection should be available to the above-mentioned municipalities. Each municipality appoints the Village Chairperson or Village President to the Fire District Board. Costs are to be shared based upon the equalized values of the respective municipalities. The Town has an equity interest in the District equal to its percentage share of participation. Any participating municipality may withdraw from the District provided 18 months written notice is given to the other municipalities and the Fire District. The withdrawing municipality is due their equity interest in the Fire District equipment and assets less any proportionate share of debt and lease expenditures due.

The Village's equity interest of \$416,572 is recorded in the government-wide Statement of Position. Changes in the equity interest are reported on the Statement of Activities.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

8. Inter-municipal Agreements (Continued)
Fire Protection (Continued)

The equalized valuation percentage for the participating municipalities is as follows:

	2016	2015
Village of Windsor	38.3%	37.2%
Village of DeForest	50.3%	51.3%
Town of Vienna	9.1%	9.1%
Town of Leeds	2.0%	2.0%
Town of Hampden	0.3%	0.4%
	<u>100.0%</u>	<u>100.0%</u>

The Village's share of fire district costs in 2016 amounted to \$384,298, excluding fire insurance dues of \$26,028. The latest budget figures indicate the Village's portion of the 2017 budget to be \$341,109. The Fire District issues separate financial statements.

Subsequent Event

Effective January 1, 2017, the Village of DeForest and the Village of Windsor along with the Towns of Vienna, Leeds and Hampden, have all mutually agreed to the dissolution of the DeForest Area Fire Protection Board as provided for under the Fire Protection Agreement with the understanding that the Village of DeForest and the Village of Windsor would enter into a Joint Fire District (DeForest Windsor Fire and EMS District Board) Agreement and will contract for services with the Towns of Vienna, Leeds and Hampden for the purpose of providing the same fire protection and EMS services as provided under the original Fire Protection Agreement.

EMS District

The Village, together with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Emergency Medical Service District on January 1, 1991.

The agreement specifies that emergency medical services will be available to the participating municipalities. Each municipality appoints the Village Chairperson or Village President to the EMS District board. Costs are to be shared based on the equalized values of the respective municipalities.

The Village's share of the EMS District costs in 2016 is included in the Village's payment to the Fire District.

Community Center

The Village of Windsor together with the Town of Vienna and Village of DeForest entered into an agreement regarding the programs and operation of the DeForest Area Community Center (the "Center"). The agreement was executed on July 6, 1993. The Center provides services to seniors in the DeForest area and provides a community center for local community events. In 2003, the Village began acting as the fiscal agent for the Center. The Village pays its bills and the employees of the Center are included in the Village's payroll. The cash of the Center is included in the Village's financials as an agency fund.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

8. Inter-municipal Agreements (Continued)
Community Center (Continued)

The communities share in the operation of the center based upon the proportionate share of a community's population located in the center's service area to the total population of the area served. For 2016, the communities shared in the operations of the center, approximately as follows:

	2016
Village of Windsor	41.4%
Village of DeForest	55.5%
Town of Vienna	3.1%
Total	<u>100.0%</u>

The agreement specifies that the Community Center is to be governed by a nine (9) member commission including one member of the Village of Windsor Board of Supervisors and two (2) Village residents appointed by the Village Chairperson. Costs are to be shared by the municipalities based on the populations of the respective municipalities.

The purpose of the commission is to provide oversight over the operations of the DeForest Area Community and Senior Center and the programs and services for the senior citizens of the participating municipalities. The agreement between the villages and the townships is a continuing agreement and automatically renews from year to year. The commission has the authority to adopt its own budget and control the financial affairs of the Center. However, either the Windsor Village Board or the DeForest Village Board have the authority to veto the commission's budget. The Village made a payment totaling \$237,954 to the Center in 2016. The latest budget figures indicate the Village's portion of the 2017 Community Center budget is \$244,347. The Village believes that the Center will continue to provide services in the future at similar rates. Financial information of the center as of December 31, 2016 is available at the Village of Windsor village hall and at the Center's office.

The Village has an equity interest in the Center equal to its percentage share of participation. The equity interest relative to financial assets is reported in the governmental activities column of the government wide Statement of Net Position. Changes in the equity interest are reported on the Statement of Activities.

The Half Century Club owes the Village \$45,333 for funds the Village borrowed on behalf of the Half Century Club expansion. See Note 4 for a more detailed explanation.

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

9. Fund Balance

The following restrictions and assignments of fund balance were made:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
General Fund						
Cash Management	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ 180,000
Prepaid Expenses	117	-	-	-	-	117
Advances Receivable	173,330	-	-	-	-	173,330
Revolutions	-	-	100,000	-	-	100,000
Reserve Replacement	-	-	250,000	-	-	250,000
Emergency Management	-	-	100,000	-	-	100,000
Parks	-	477,960	-	30,000	-	507,960
Token Creek Conservancy	-	-	17,250	-	-	17,250
Unassigned	-	-	-	-	800,506	800,506
Total General Fund	<u>\$ 173,447</u>	<u>\$ 477,960</u>	<u>\$ 17,250</u>	<u>\$ 480,000</u>	<u>\$ 980,506</u>	<u>\$ 2,129,163</u>
Debt Service Fund						
Debt Service	\$ -	\$ -	\$ -	\$ 1,887,506	\$ -	\$ 1,887,506
Total Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,887,506</u>	<u>\$ -</u>	<u>\$ 1,887,506</u>
Capital Projects Fund						
Capital Projects Fund	\$ -	\$ 853,246	\$ -	\$ -	\$ -	\$ 853,246
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 853,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,246</u>
Non-Major Funds						
Community Development Authority	\$ -	\$ 293,726	\$ -	\$ -	\$ -	\$ 293,726
Developer Charge-Back	-	13,240	-	-	-	13,240
Purchase of Development Rights Fund	-	12,575	-	-	-	12,575
TIF District #1	-	-	-	-	(228,798)	(228,798)
Capital Projects Reserve/Replacement	-	-	-	194,216	-	194,216
Impact Fee Fund	-	448,159	-	-	-	448,159
Total	<u>\$ -</u>	<u>\$ 767,700</u>	<u>\$ -</u>	<u>\$ 194,216</u>	<u>\$ (228,798)</u>	<u>\$ 733,118</u>
Total	<u>\$ 173,447</u>	<u>\$ 2,098,906</u>	<u>\$ 17,250</u>	<u>\$ 2,561,722</u>	<u>\$ 751,708</u>	<u>\$ 5,603,033</u>

Deficit Fund Balance

The deficit in the TIF District #1 is anticipated to be covered by future tax increment.

10. Net Position

Net position reported on the government-wide Statement of Net Position at December 31, 2016 includes the following:

Governmental Activities								
Net Investment in Capital Assets								
Capital assets, net			\$ 18,106,784					
Less: Current portion of long-term debt			(1,469,890)					
Less: Long-term debt outstanding			(10,741,004)					
Plus: Unspent bond proceeds			777,722					
Plus: Debt not related to capital assets			5,935,000					
Total Net Investment in Capital Assets			<u>12,608,612</u>					
Restricted Net Position								
Special Revenues			135,447					
Capital Projects			523,683					
CDA Debt Service			293,726					
Total Restricted Net Position			<u>952,856</u>					
Unrestricted Net Position								
Total Net Position			<u>2,874,203</u>					
			<u>\$ 16,435,671</u>					
Business-Type Activities								
Net Investment in Capital Assets								
Capital Assets, net			\$ 8,101,976					
Less: related long-term debt outstanding			(2,505,514)					
Unspent Bond Proceeds			869,974					
Net Investment in Capital Assets			<u>6,466,436</u>					
Water Utility								
Sewer Utility								
UD #1			\$ 3,673,945					
UD #2			\$ 1,195,771					
UD #2			(487,566)					
Total			<u>\$ 8,195,771</u>					
Water Utility								
Sewer Utility								
UD #1			\$ 916,578					
UD #2			(20,820)					
Total			<u>\$ 13,888,270</u>					
Replacement Funds								
Impact Fees			125,168					
Total Restricted Net Position			<u>125,168</u>					
Unrestricted Net Position								
Total Net Position			<u>\$ 6,981,864</u>					
			<u>\$ 5,199,933</u>					
			<u>\$ 777,346</u>					
			<u>\$ 940,433</u>					
			<u>\$ 13,899,576</u>					

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

10. Net Position (Continued)

The previously stated net positions have been adjusted as follows:

	Water Utility UD#1	Sewer Utility UD#1
Net Position - As Stated December 31, 2015	\$ 5,458,346	\$ 3,440,089
2007 - 2015 developer contributions	850,180	1,228,746
Net Position - As restated January 1, 2016	<u>\$ 6,308,526</u>	<u>\$ 4,668,835</u>
		Governmental
		Activities
Net Position - As Stated December 31, 2015	\$ 11,832,017	880,174
Equity Interest in DeForest Area Community Center	(119,172)	(119,172)
Capital Lease Obligation	119,172	119,172
Capital Lease Asset	<u>\$ 12,712,191</u>	<u>\$ 12,712,191</u>
Net Position - As restated January 1, 2016		

11. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

12. Subsequent Events and Commitments

Debt

On February 2, 2017, the village borrowed \$550,000 general obligation promissory note for a local financial institution for public improvement projects. The note has an interest rate of 2.65% and is due in nine annual installments with final maturity on February 2, 2027.

On July 12, 2017, the Village issued \$1,180,000 in general obligation refunding bonds. These bonds carry an interest rate ranging from 1.2% to 3.25% with final maturity on March 1, 2035. The bonds were issued to current refund the remaining state trust fund loans that were issued in 2009 and 2015 at 4.75% and 5.50% for infrastructure upgrades in the water utility of UD#1. See Note 4 for details on bonds refunded.

Purchase of Land

Subsequent to yearend, the Village purchased land in the amount of \$15,000.

Sale of Land

Subsequent to yearend, the Village sold Land in the amount of \$182,500

VILLAGE OF WINDSOR
Notes to Financial Statements
December 31, 2016

12. Subsequent Events and Commitments (Continued)

Projects and Improvements

In 2017, the Village has approved the following projects and improvements:

- Water Tower Painting and Maintenance - \$197,000
- New Plow Truck - \$180,000
- Park Shelter and Storage Facility - \$340,000
- Water Utility Booster Station - \$800,000 (unspent debt funds are available for this project)
- Commercial Mower - \$48,000
- Tool/CAT with Attachments - \$58,000
- Public Works Building - \$450,000

Water and Sewer Rates and Charges

Sewer Rates – New sewer rates were approved through Village Ordinance on December 21, 2016. One rate structure was approved for all sewer utilities. These rates were effective January 1, 2017.

Water Rates – The Village applied for a water utility rate case application with the Public Service Commission. As part of the application, the utility has requested that UD #1 and UD #2 be consolidated for rate purposes. The rates were approved and effective July 1, 2017.

Payment in Lieu of Tax (PILOT) – The Public Service Commission that regulates municipal water utilities has approved a PILOT amount of \$45,000, which is below the statutory formula amount, payable to the general fund annual starting in 2017.

VILLAGE OF WINDSOR

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances) - General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	1,734,616	1,734,616	\$ 1,734,616	\$ -
Other Taxes	61,703	61,703	63,972	2,269
Intergovernmental	279,713	279,713	302,946	23,233
License and Permits	182,260	182,260	303,455	121,195
Fines, Forfeits and Penalties	11,000	11,000	20,705	9,705
Public Charges for Services	440,540	440,540	958,845	518,305
Interest Income	15,800	15,800	19,511	3,711
Miscellaneous Income	206,000	206,000	190,087	(15,913)
Total Revenues	2,931,632	2,931,632	3,594,137	662,505
EXPENDITURES				
Current:				
General Government	816,585	826,286	856,250	(29,664)
Public Safety	791,030	791,030	826,754	(35,724)
Public Works	900,641	876,493	798,319	78,174
Culture, Recreation and Education	241,204	241,204	378,562	(137,358)
Conservation and Development	109,172	109,172	169,184	(60,012)
Total Expenditures	2,858,632	2,844,185	3,029,069	(184,884)
Excess (Deficiency) of Revenues Over Expenditures	73,000	87,447	565,068	477,621
OTHER FINANCING SOURCES (USES)				
Transfers Out	(73,000)	(73,000)	(72,790)	210
Total Other Financing Sources and Uses	(73,000)	(73,000)	(72,790)	210
Net Change in Fund Balances	-	14,447	492,278	477,831
Fund Balances - Beginning	1,510,003	1,510,003	1,510,003	-
Fund Balances - Ending	\$ 1,510,003	\$ 1,524,450	\$ 2,002,281	\$ 477,831

Reconciliation of Fund Balance:

Budgetary Fund Balance \$ 2,002,281

Perspective Differences:

Revenues not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance 118,530

Expenditures not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance (81,406)

Beginning fund balance of funds not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance 89,758

Fund Balance per Statement of Revenues, Expenditures, and Changes in Fund Balance \$ 2,129,163

REQUIRED SUPPLEMENTARY INFORMATION

See accompanying notes to the required supplementary information

**VILLAGE OF WINDSOR
WISCONSIN RETIREMENT SYSTEM
December 31, 2016**

Schedule of Proportionate Share of the Net Pension Liability (Asset)

As of the Measurement Date
Last 10 Fiscal 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	0.00555326%	\$ 90,239	\$ 809,490	11.15%	98.20%
2014	0.00549710%	(135,024)	780,090	(17.31)%	102.74%

Schedule of Village's Contributions

For the Year Ended
Last 10 Fiscal Years

Year ended June 30,	Contributions in relation to			Contributions as a percentage of covered- employee payroll
	Contractually required contributions	Contractually required deficiency (excess)	Covered-employee payroll	
2016	\$ 55,045	\$ (55,045)	\$ -	809,489
2015	27,251	(27,251)	-	413,747
				6,80%
				6,59%

SUPPLEMENTARY INFORMATION

VILLAGE OF WINDSOR
Notes to Required Supplementary Information
December 31, 2016

1. Budgetary Comparison Schedule

A. Basis of Accounting

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note I(G) in the notes to the financial statements for more information on the Village's budgetary information.

B. Excess Expenditures over Appropriations

The Village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report. The following expenditure functions had an excess of actual expenditures over budget for the year ended December 31, 2016:

	Excess Expenditures
General Government	\$ 29,964
Public Safety	35,724
Culture, Recreation and Education	137,358
Conservation and Development	60,012

Revenues and other financing sources were sufficient to cover the excess expenditures.

2. 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.

VILLAGE OF WINDSOR

Balance Sheet
Non-Major Governmental Funds
December 31, 2016

	Special Revenue Funds Developer Chargeback Fund	Capital Projects Funds				CDA Community Development Authority	Total Non-Major Governmental Funds
		Purchase of Development Rights	TIF District #1	Capital Projects Reserve/Replacement	Impact Fee		
Cash and Cash Equivalents	\$ -	\$ 12,575	\$ -	\$ 197,371	\$ -	\$ 299,973	\$ 509,919
Restricted Cash	-	-	-	-	448,159	-	448,159
Receivables:							
Taxes	-	-	2,045	70,000	-	-	72,045
Other	28,507	-	-	-	-	-	28,507
Total Assets	28,507	12,575	2,045	267,371	448,159	299,973	1,058,630

ASSETS

Accounts Payable & Accrued Liabilities	\$ 12,775	\$ -	\$ 55,468	\$ 3,155	\$ -	\$ 2,227	\$ 73,625
Due to Other Funds	2,492	-	-	-	-	4,020	6,512
Advances Payable	-	-	173,330	-	-	-	173,330
Total Liabilities	15,267	-	228,798	3,155	-	6,247	253,467

LIABILITIES AND FUND BALANCES (DEFICITS)

Deferred Inflows:							
Tax Levy	-	-	2,045	70,000	-	-	72,045
Total Deferred Inflows	-	-	2,045	70,000	-	-	72,045

Fund Balances (Deficits):

Restricted	13,240	12,575	-	-	448,159	293,726	767,700
Assigned	-	-	-	194,216	-	-	194,216
Unassigned (Deficit)	-	-	(228,798)	-	-	-	(228,798)
Total Fund Balances (Deficits)	13,240	12,575	(228,798)	194,216	448,159	293,726	733,118
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 28,507	\$ 12,575	\$ 2,045	\$ 267,371	\$ 448,159	\$ 299,973	\$ 1,058,630

VILLAGE OF WINDSOR

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2016**

	Special Revenue Funds	Capital Projects Funds				CDA Community Development Authority	Total Non-Major Governmental Funds
		Developer Chargeback Fund	Purchase of Development Rights	TIF District #1	Capital Projects Reserve/Replacement		
REVENUES							
Property Taxes	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ 60,000
Other Taxes	-	-	479	-	-	-	479
License and Permits	-	-	-	-	136,359	4,155	140,514
Public Charges for Services	-	-	-	-	52,185	-	52,185
Interest Income	43	38	-	527	745	792	2,145
Miscellaneous Income	-	-	-	52,025	-	16,573	68,598
Total Revenues	43	38	479	112,552	189,289	21,520	323,921
EXPENDITURES							
Current:							
General Government	-	-	31,040	33,862	-	13,239	78,141
Public Works	-	-	-	33,934	-	-	33,934
Conservation and Development	-	-	150,328	-	-	11,966	162,294
Capital Outlay	-	-	47,331	29,600	-	-	76,931
Debt Service	-	-	-	-	-	-	-
Interest Expense	-	-	114,159	-	-	-	114,159
Total Expenditures	-	-	342,858	97,396	-	25,205	465,459
Excess (Deficiency) of Revenues Over Expenditures	43	38	(342,379)	15,156	189,289	(3,685)	(141,538)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	120,268	25,000	-	47,790	193,058
Transfers Out	-	-	-	-	-	(15,000)	(15,000)
Total Other Financing Sources and Uses	-	-	120,268	25,000	-	32,790	178,058
Net Change in Fund Balances	43	38	(222,111)	40,156	189,289	29,105	36,520
Fund Balances (Deficits) - Beginning	13,197	12,537	(6,687)	154,060	258,870	264,621	696,598
Fund Balances (Deficits) - Ending	\$ 13,240	\$ 12,575	\$ (228,798)	\$ 194,216	\$ 448,159	\$ 293,726	\$ 733,118

Village of Windsor

Debt Repayment Summary
Governmental Activities
Principal Payments
December 31, 2016

Year	2010 GO	2011 GO	2012 GO	2015 GO	2015 GO	2015 GO	2015 GO	2016 GO	Total G.O. Debt
2017	\$ 500,000	\$ 255,000	\$ 125,000	\$ 260,000	\$ -	\$ -	\$ 50,000	\$ 220,000	\$ 1,410,000
2018	500,000	-	225,000	300,000	-	-	50,000	220,000	1,295,000
2019	500,000	-	200,000	200,000	-	-	50,000	215,000	1,165,000
2020	3,505,000	-	-	275,000	75,000	-	50,000	5,000	3,910,000
2021	-	-	-	275,000	100,000	-	50,000	5,000	430,000
2022	-	-	-	250,000	125,000	-	50,000	5,000	430,000
2023	-	-	-	200,000	125,000	-	50,000	5,000	380,000
2024	-	-	-	150,000	125,000	-	50,000	5,000	330,000
2025	-	-	-	150,000	150,000	-	50,000	5,000	355,000
2026	-	-	-	-	175,000	-	-	5,000	180,000
2027	-	-	-	-	200,000	-	-	-	200,000
2028	-	-	-	-	200,000	-	-	-	200,000
2029	-	-	-	-	200,000	-	-	-	200,000
2030	-	-	-	-	225,000	-	-	-	225,000
2031	-	-	-	-	225,000	-	-	-	225,000
2032	-	-	-	-	250,000	-	-	-	250,000
2033	-	-	-	-	275,000	-	-	-	275,000
2034	-	-	-	-	275,000	-	-	-	275,000
2035	-	-	-	-	275,000	-	-	-	275,000
	\$5,005,000	\$ 255,000	\$ 550,000	\$2,060,000	\$ 3,000,000	\$ 450,000	\$ 690,000	\$ 12,010,000	

Village of Windsor

Debt Repayment Summary
Governmental Activities
Interest Payments
December 31, 2016

Year	2009 GO	2010 GO	2011 GO	2012 GO	2015 GO	2015 GO	2015 GO	2015 GO	2016 GO	Total GO
2017	18,040	202,713	5,738	5,988	30,188	116,094	11,253	14,552	404,564	
2018	11,055	186,463	-	4,863	27,638	116,094	10,003	7,425	363,539	
2019	3,740	168,463	-	2,500	24,813	116,094	8,752	3,075	327,436	
2020	-	148,963	-	-	21,569	116,094	7,523	863	295,010	
2021	-	-	-	-	17,375	113,844	6,252	738	138,208	
2022	-	-	-	-	12,925	110,844	5,001	613	129,383	
2023	-	-	-	-	8,675	107,094	3,751	481	120,001	
2024	-	-	-	-	5,063	103,344	2,508	344	111,258	
2025	-	-	-	-	1,725	98,344	1,250	206	101,525	
2026	-	-	-	-	-	92,344	-	69	92,413	
2027	-	-	-	-	-	85,344	-	-	85,344	
2028	-	-	-	-	-	77,344	-	-	77,344	
2029	-	-	-	-	-	69,344	-	-	69,344	
2030	-	-	-	-	-	61,344	-	-	61,344	
2031	-	-	-	-	-	52,344	-	-	52,344	
2032	-	-	-	-	-	43,344	-	-	43,344	
2033	-	-	-	-	-	33,344	-	-	33,344	
2034	-	-	-	-	-	22,344	-	-	22,344	
2035	-	-	-	-	-	11,344	-	-	11,344	
	\$ 32,835	\$ 706,600	\$ 5,738	\$ 13,350	\$ 149,969	\$ 1,546,281	\$ 56,293	\$ 28,365	\$ 2,539,431	

Village of Windsor

Debt Repayment Summary
 Proprietary Funds
 Principal Payments
 December 31, 2016

Year	Sewer 1998 CWFL	Water 2013 CWFL	Water/Sewer 2007 Note	BCPL 1/6/2009	BCPL 2/10/2009	Water Booster 8/3/15	Water 2016 GO	Total Debt
2017	\$ 15,820	\$ 25,854	\$ 10,000	\$ 6,228	\$ 854	\$ 38,798	\$ 80,000	\$ 177,554
2018	-	26,152	-	6,524	895	40,253	85,000	158,825
2019	-	26,454	-	6,834	937	41,763	90,000	165,988
2020	-	26,760	-	7,149	981	43,234	95,000	173,124
2021	-	27,069	-	7,498	1,028	44,950	95,000	175,545
2022	-	27,382	-	7,854	1,077	46,636	95,000	177,948
2023	-	27,698	-	8,228	1,129	48,385	100,000	185,440
2024	-	28,018	-	8,612	1,181	50,123	105,000	192,933
2025	-	28,341	-	9,027	1,238	52,079	105,000	195,685
2026	-	28,669	-	9,456	1,297	54,032	110,000	203,453
2027	-	29,000	-	9,906	1,359	56,058	110,000	206,323
2028	-	29,335	-	10,376	1,424	58,105	120,000	219,240
2029	-	29,674	-	-	-	60,339	90,000	180,013
2030	-	30,016	-	-	-	62,602	-	92,618
2031	-	30,363	-	-	-	64,949	-	95,312
2032	-	30,714	-	-	-	67,355	-	98,069
2033	-	31,069	-	-	-	69,911	-	100,979
2034	-	-	-	-	-	72,532	-	72,532
2035	-	-	-	-	-	75,252	-	75,252
	\$ 15,820	\$ 482,567	\$ 10,000	\$ 97,692	\$ 13,400	\$ 1,047,354	\$ 1,280,000	\$ 2,946,833

Village of Windsor

Debt Repayment Summary
 Proprietary Funds
 Interest Payments
 December 31, 2016

Year	Sewer 1998 CWFL	Water 2013 CWFL	Water/Sewer 2007 Note	BCPL 1/6/2009	BCPL 2/10/2009	Water Booster 8/3/15	Water 2016 GO	Total GO
2017	\$ 67	\$ 5,424	\$ 339	\$ 4,640	\$ 636	\$ 39,276	\$ 36,807	\$ 87,190
2018	-	5,124	-	4,345	596	37,821	29,035	76,920
2019	-	4,820	-	4,035	553	36,311	27,285	73,005
2020	-	4,513	-	3,720	510	34,840	25,198	68,781
2021	-	4,202	-	3,370	462	33,124	22,823	63,981
2022	-	3,888	-	3,014	413	31,438	20,448	59,201
2023	-	3,569	-	2,641	362	29,690	17,885	54,147
2024	-	3,248	-	2,257	310	27,951	15,066	48,831
2025	-	2,922	-	1,841	253	25,995	12,179	43,190
2026	-	2,593	-	1,412	194	24,043	9,223	37,464
2027	-	2,260	-	963	132	22,016	6,060	31,432
2028	-	1,923	-	494	68	19,969	3,150	25,604
2029	-	1,582	-	-	-	17,735	945	20,263
2030	-	1,238	-	-	-	15,473	-	16,710
2031	-	889	-	-	-	13,125	-	14,014
2032	-	536	-	-	-	10,719	-	11,255
2033	-	179	-	-	-	8,164	-	8,343
2034	-	-	-	-	-	5,542	-	5,542
2035	-	-	-	-	-	2,822	-	2,822
	\$ 67	\$ 48,911	\$ 339	\$ 32,733	\$ 4,490	\$ 436,054	\$ 226,102	\$ 748,696

FORM OF LEGAL OPINION

(See following pages)

20800 Swenson Drive, Suite 300
Waukesha, WI 53186
Phone: 262-956-6200
Fax: 262-956-6210

September 5, 2018

\$5,975,000*
Village of Windsor
Dane County, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2018A

We have acted as bond counsel in connection with the issuance by the Village of Windsor, Dane County, Wisconsin (the "Village"), of its \$5,975,000 General Obligation Corporate Purpose Bonds, Series 2018A, dated September 5, 2018 (the "Bonds"). We have examined the law and a certified copy of the proceedings of record of the Village preliminary to and in connection with the issuance of the Bonds, as well as other documents and records which we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of officers of the Village and other public officials furnished to us, without undertaking to verify the same by independent investigation. The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Based on the foregoing, we are of the opinion and hereby certify that, as of the date hereof:

1. The Bonds are valid and binding general obligations of the Village, payable from a nonrepealable, direct annual tax levied upon all the taxable property of the Village for the express purpose of paying interest on the Bonds as it falls due and also to pay and discharge the principal thereof at maturity.

2. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the federal alternative minimum tax; such interest is, however, included in adjusted current earnings of certain corporations for purposes of computing federal alternative minimum tax in effect prior to January 1, 2018 for tax years beginning before such date. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds

* Preliminary; subject to change

in order for interest on the Bonds to be or continue to be excluded 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.

3. The Village has properly designated the Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

Very truly yours,

HUSCH BLACKWELL 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.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

(See following pages)

\$5,975,000*
Village of Windsor
Dane County, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2018A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is executed and delivered by the Village of Windsor, Dane County, Wisconsin (the “Village”), in connection with the issuance of \$5,975,000 General Obligation Corporate Purpose Bonds, Series 2018A (the “Bonds”). The Bonds are being issued pursuant to the resolutions adopted by the Village Board on July 19, 2018 and August 16, 2018 (the “Resolutions”). The Village covenants and agrees as follows:

Section 1. Purpose of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Village for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the Village pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” shall mean the Village’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 Village intends to continue to prepare in substantially the same form.

“Bondholder” shall mean the registered owner or beneficial owner of any of the Bonds.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Village which has filed with the Village a written acceptance of such designation.

“Fiscal Year” shall mean the fiscal year of the Village, currently ending on December 31 of each year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

* Preliminary; subject to change

“MSRB” shall mean the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C. 20005.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The sole National Repository is the MSRB, through the operation of EMMA, as provided in Section 3(e) hereof.

“Official Statement” shall mean the final official statement dated August ____, 2018 delivered in connection with the Bonds, which is available from the MSRB.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

“Village Contact” shall mean the Village Clerk of the Village, 4084 Mueller Road, DeForest, WI 53532.

Section 3. Provision of Annual Reports.

(a) The Village shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the Village’s Fiscal Year in each year, commencing with the Fiscal Year ending December 31, 2017, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Village shall provide the Annual Report to the Dissemination Agent, if any. In each case, 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 Continuing Disclosure Agreement; provided that the Audited Financial Statements of the Village 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 each Repository as soon as available by the Village.

(b) If the Village is unable or fails to provide an Annual Report to the Repositories by the date required above, the Village shall, in a timely manner, send a notice of that fact to the National Repositories, the MSRB and any State Repository.

(c) The Village shall determine each year prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any.

(d) The Dissemination Agent, if any, shall:

- (1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (2) file a report with the Village certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) The Securities and Exchange Commission has approved the submission of continuing disclosure filings with the Electronic Municipal Market Access (“EMMA”) system established by the MSRB until EMMA shall no longer be the sole National Repository recognized by the Securities and Exchange Commission for purposes of the Rule. All continuing disclosure filings under this Continuing Disclosure Agreement may thereafter be filed solely by transmitting such filings to EMMA at www.emma.msrb.org.

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

Current Property Valuations
Direct Debt
Debt Limit
Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Village is an “obligated person” (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Village shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment 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 Bonds, or other material events affecting the tax status of the Bonds;

- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Village;
- (13) The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, 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 such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee, or the change of the name of a trustee, if material.

(b) The Village shall file a notice of the occurrence of any of the Listed Events in a timely manner not in excess of ten business days after the occurrence of the event with the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Village's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Village Contact/Dissemination Agent. Information may be obtained from the Village Contact. The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Village may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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

Section 10. Default. In the event of a failure of the Village to comply with any provision of this Continuing Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Village to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Resolutions, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Village to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Village agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Village under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Village, the Dissemination Agent, if any, the Participating Underwriters and the Bondholders from time to time of the Bonds and shall create no rights in any other person or entity.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, we have executed this Continuing Disclosure Agreement in our official capacities effective September 5, 2018.

**VILLAGE OF WINDSOR,
DANE COUNTY, WISCONSIN**

[SEAL]

By: _____
Robert Wipperfurth, Village President

By: _____
Christine Capstran, Village Clerk

APPENDIX E

NOTICE OF SALE

\$5,975,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A VILLAGE OF WINDSOR, WISCONSIN

Bids for the purchase of \$5,975,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") of the Village of Windsor, 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 August 16, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Trustees for consideration for award by resolution at a meeting to be held at 5:00 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 the purchase of fire/EMS equipment and public works equipment; recycling facility and public works building improvements; park improvements; and TID No. 1 projects, including conservancy management and stormwater projects. 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 September 5, 2018, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$105,000	2026	\$395,000	2033	\$325,000
2020	180,000	2027	400,000	2034	325,000
2021	165,000	2028	425,000	2035	325,000
2022	205,000	2029	430,000	2036	325,000
2023	185,000	2030	325,000	2037	340,000
2024	265,000	2031	325,000	2038	350,000
2025	255,000	2032	325,000		

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 March 1 and September 1 of each year, commencing March 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 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The Village has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The 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 September 1, 2027 shall be subject to optional redemption prior to maturity on September 1, 2026 and 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 redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about September 5, 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 OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Husch Blackwell 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).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

SUBMISSION OF BIDS

Bids must not be for less than \$5,900,313 nor more than \$6,333,500 plus accrued interest on the principal sum of \$5,975,000 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 \$119,500 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 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 will advise the Village promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, 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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

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

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

(e) If all of the requirements of a "competitive sale" are not satisfied and the 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 either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

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

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

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

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

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

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

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

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

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

Christine Capstran, Clerk
Village of Windsor, Wisconsin

BID FORM

The Board of Trustees
Village of Windsor, Wisconsin

August 16, 2018

RE: \$5,975,000* General Obligation Corporate Purpose Bonds, Series 2018A
DATED: September 5, 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 \$5,900,313 nor more than \$6,333,500) 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	2038
_____ % 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.

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 2020 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 \$119,500, 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 September 5, 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 this Issue.

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 September 5, 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 Board of Trustees of the Village of Windsor, Wisconsin, on August 16, 2018.

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