

## PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 23, 2021

In the opinion of Griggs Law Office LLC, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law interest on the Notes 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 Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Village will designate the Notes 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: Moody's Investors Service, Inc.**

### VILLAGE OF NORTH FOND DU LAC, WISCONSIN (Fond Du Lac County)

#### \$1,790,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A

**BID OPENING:** December 6, 2021, 10:00 A.M., C.T.

**CONSIDERATION:** December 6, 2021, 6:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,790,000\* General Obligation Promissory Notes, Series 2021A (the "Notes") of the Village of North Fond Du Lac, Wisconsin (the "Village") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing facility improvements, park and street improvements, vehicle and equipment purchases and refunding certain obligations of the Village. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Griggs Law Office LLC, Milwaukee, Wisconsin.

**DATE OF NOTES:** December 29, 2021

**MATURITY:** December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$80,000	2026	\$175,000	2030	\$215,000
2023	100,000	2027	320,000	2031	220,000
2024	100,000	2028	265,000		
2025	100,000	2029	215,000		

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

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** December 1, 2022 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing on December 1, 2028 and thereafter are subject to call for prior optional redemption on December 1, 2027 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$1,772,100.

**MAXIMUM BID:** \$1,951,100.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$35,800 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation.

**BOND COUNSEL:** Griggs Law Office LLC.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

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



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

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the 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 Notes 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 and 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 and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Notes.

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

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

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this 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 and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

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

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

## CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this 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 Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the 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 Notes 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 Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **VILLAGE OF NORTH FOND DU LAC VILLAGE BOARD**

		<u>Term Expires</u>
Mike Streetar	Village President	April 2024
John Duffy	Village Trustee	April 2023
Chuck Hornung	Village Trustee	April 2022
Ann Price	Village Trustee	April 2022
Mike Will	Village Trustee	April 2023

## **ADMINISTRATION**

Nick Leonard, Village Administrator/Clerk

Kris Ruch, Village Treasurer

## **PROFESSIONAL SERVICES**

James Kalny, Davis & Kuelhau, S.C., Village Attorney, Green Bay, Wisconsin

Griggs Law Office LLC, Bond Counsel, Milwaukee, Wisconsin

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

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of North Fond Du Lac, Wisconsin (the "Village") and the issuance of its \$1,790,000\* General Obligation Promissory Notes, Series 2021A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Award Resolution") to be adopted by the Board of Trustees on December 6, 2021.

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

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 29, 2021. The Notes will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing December 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the 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 Notes maturing on or after December 1, 2028 shall be subject to optional redemption prior to maturity on December 1, 2027 or 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 Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes 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 Note to be redeemed at the address shown on the registration books.

## **AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing facility improvements, park and street improvements, vehicle and equipment purchases and refunding certain obligations of the Village as follows:

<b>Issue Being Refunded</b>	<b>Date of Refunded Issue</b>	<b>Call Date</b>	<b>Call Price</b>	<b>Maturities Being Refunded</b>	<b>Interest Rates</b>	<b>Principal to be Refunded</b>
Water System Revenue Bonds, Series 2009B (the "2009B Bonds")	11/24/09	01/10/22	100%	2022-2029	5.00%- 5.45%	<u>\$615,000</u>
Total Principal Being Refunded						\$615,000

## **ESTIMATED SOURCES AND USES\***

### **Sources**

Par Amount of Bonds	\$1,790,000	
Transfers from Prior Issue DSR Funds	284,990	
Estimated Interest Earnings	<u>692</u>	
<b>Total Sources</b>		<b>\$2,075,682</b>

### **Uses**

Estimated Underwriter's Discount	\$17,900	
Costs of Issuance	48,350	
Deposit to Project Construction Fund	1,383,358	
Deposit to Current Refunding Fund	621,178	
Rounding Amount	<u>4,895</u>	
<b>Total Uses</b>		<b>\$2,075,682</b>

\*Preliminary, subject to change

## **SECURITY**

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

## **RATING**

General obligation debt of the Village is currently rated "A1" by Moody's Investors Service, Inc. ("Moody's").

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

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

## **CONTINUING DISCLOSURE**

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

On the date of issue and delivery, the Village shall execute and deliver a Continuing Disclosure Certificate, under which the Village will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the Village are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

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

## **LEGAL OPINION**

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

## **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 of the Preliminary Official Statement).

## **TAX EXEMPTION**

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the Village's compliance with the above referenced covenants, under present law, in the opinion of Griggs Law Office LLC, Milwaukee, Wisconsin, Bond Counsel, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax.

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts within the Village's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

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

The interest on the Notes is not excluded from income and therefore, is not exempt from present Wisconsin income taxes.



## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides 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, 2020 have been audited by Baker Tilly US, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## **RISK FACTORS**

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

**Taxes:** The Notes 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 Notes. 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 Notes for resale prior to maturity.

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

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

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

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

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the 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 Notes in the secondary market.

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

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

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

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the Village and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the Village, including the duration of the outbreak and future measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020.

On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The Village's allocation was \$84,637. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The Village's allocation is \$500,000.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with

CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

# **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.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the Village. The Village cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the Village may materially adversely affect the financial condition of the Village (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

## CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$236,741,000
2021 Equalized Value Reduced by Tax Increment Valuation	\$210,963,100
2021 Assessed Value	\$196,243,500

## 2021 EQUALIZED VALUE BY CLASSIFICATION

	<b>2021 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 182,838,700	77.232%
Commercial	50,453,500	21.312%
Manufacturing	2,337,000	0.987%
Agricultural	14,000	0.006%
Personal Property	1,097,800	0.464%
Total	<u>\$ 236,741,000</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2017	\$ 192,103,600	\$ 197,579,900	0.16%
2018	192,426,300	200,262,500	1.36%
2019	190,061,400	209,862,000	4.79%
2020	191,438,300	224,419,200	6.94%
2021	196,243,500	236,741,000	5.49%

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

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2021 Equalized Value<sup>1</sup></b>	<b>Percent of Village's Total Equalized Value</b>
Gihon LLC	Apartment Building	\$ 5,999,855	2.53%
NFDL Three LLC	Mobile Home Park	4,666,219	1.97%
Atlantic LLC	Apartment Building	3,266,836	1.38%
Mi-Health Holdings	Healthcare Clinic	3,003,004	1.27%
Gaslight Properties I, III	Mobile Home Park	2,863,910	1.21%
Aurora Medical Group	Healthcare Clinic	2,263,623	0.96%
PRC Investors LLC	Manufacturing	2,049,011	0.87%
All Around Storage LLC	Storage facility	1,701,698	0.72%
Vereit Real Estate LP	Truck Stop	1,514,350	0.64%
Lakeshore Terrace I LLC	Mobile Home Park	1,348,957	0.57%
<b>Total</b>		<b>\$ 28,677,463</b>	<b>12.11%</b>

Village's Total 2021 Equalized Value<sup>2</sup> \$236,741,000

**Source:** The Village.

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<sup>1</sup> Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the Village.

<sup>2</sup> Includes tax increment valuation.

## DEBT

### **DIRECT DEBT<sup>1</sup>** (includes the Notes)\*

#### **General Obligation Debt (see schedules following)**

Total General Obligation Debt

\$ 5,251,177

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Notes.



Village of North Fond Du Lac, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 12/29/2021)

State Trust Fund Loan 2013				Promissory Notes Series 2015B		Promissory Notes Series 2017A		Promissory Notes Series 2019A		Promissory Notes Series 2021A		Total P & I	Total Interest	Total Principal	Principal Outstanding	% Paid	Calendar Year Ending
Dated Amount	10/17/2013 \$657,990	12/01/2015 \$1,190,000	12/14/2017 \$1,455,000	11/21/2019 \$1,450,000	12/29/2021 \$1,790,000*												
Maturity	03/15	12/01	12/01	12/01	12/01												
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Estimated Interest	Principal	Interest	Principal	Interest						
2022	88,765	5,888	175,000	14,760	220,000	21,428	20,130	80,000	39,550	160,000	20,130	825,520	101,756	723,765	4,527,412	13.78%	2022
2023	92,412	3,003	180,000	11,610	220,000	17,798	21,388	100,000	34,750	240,000	21,388	920,960	88,548	832,412	3,695,000	29.63%	2023
2024			180,000	8,010	225,000	13,838	20,738	100,000	27,550	215,000	20,738	790,135	70,135	720,000	2,975,000	43.35%	2024
2025			180,000	4,140	230,000	9,563	19,938	100,000	21,100	230,000	19,938	789,740	54,740	735,000	2,240,000	57.34%	2025
2026					225,000	4,950	18,988	175,000	14,200	210,000	18,988	648,138	38,138	610,000	1,630,000	68.96%	2026
2027							17,150	320,000	7,900	200,000	17,150	545,050	25,050	520,000	1,110,000	78.86%	2027
2028							13,310	265,000	3,900	195,000	13,310	477,210	17,210	460,000	650,000	87.62%	2028
2029							9,865	215,000		215,000	9,865	224,865	9,865	215,000	435,000	91.72%	2029
2030							6,855	215,000		215,000	6,855	221,855	6,855	215,000	220,000	95.81%	2030
2031							3,630	220,000		220,000	3,630	223,630	3,630	220,000	0	100.00%	2031
	181,177	8,892	715,000	38,520	1,115,000	67,575	151,990	1,790,000	148,950	1,450,000	151,990	5,667,103	415,926	5,251,177			

\* Preliminary, subject to change.

## 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	\$ 236,741,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 11,837,050
Less: General Obligation Debt (includes the Notes)*	<u>(5,251,177)</u>
Unused Debt Limit*	<u><u>\$ 6,585,873</u></u>

\*Preliminary, subject to change.

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2021 Equalized Value <sup>2</sup>	% In Village	Total G.O. Debt <sup>3</sup>	Village's Proportionate Share
Fond Du Lac County	\$ 8,904,213,000	2.6588%	\$ 67,237,584	\$ 1,787,713
Moraine Park Technical College District	32,380,960,926	0.7311%	31,460,000	230,004
North Fond Du Lac School District	638,763,011	37.0624%	26,871,615	<u>9,959,265</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 11,976,982</u></u>

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<sup>1</sup> Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$236,741,000</b>	<b>Debt/ Per Capita 5,226<sup>1</sup></b>
Total General Obligation Debt (includes the Notes)*	\$ 5,251,177	2.22%	\$ 1,004.82
Village's Share of Total Overlapping Debt	<u>11,976,982</u>	<u>5.06%</u>	<u>2,291.81</u>
Total*	\$ 17,228,159	7.28%	\$ 3,296.62

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The May 1, 2017 principal payment was not made in a timely matter on the \$900,000 Water Revenue Bonds, Series 2009A. The interest payment due on May 1, 2017 was made in a timely manner. An escrow agent made a timely principal and interest payment to the paying agent, Bond Trust Services Corporation (BTSC). The interest payment was remitted to DTC by May 1, 2017, but the principal payment was not remitted to DTC until May 2, 2017.

## FUTURE FINANCING

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

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<sup>1</sup> Estimated 2021 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Tax Year</b>	<b>Levy for Village Purposes Only</b>	<b>% Collected</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2016/17	\$1,467,794	100%	\$8.46
2017/18	1,497,150	100%	8.62
2018/19	1,527,093	100%	8.67
2019/20	1,557,635	100%	8.27
2020/21	1,570,875	100%	7.80

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

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

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the Village did not adopt such resolutions. The

Village cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the Village's finances and payment of debt obligations, including the Notes.

## 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:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2016/17	\$10.30	\$5.92	\$8.46	\$0.19	\$24.87
2017/18	10.92	5.89	8.62	0.00	25.43
2018/19	10.74	5.75	8.67	0.00	25.16
2019/20	10.83	5.69	8.27	0.00	24.79
2020/21	10.25	5.62	7.80	0.00	23.67

**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

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

<sup>2</sup> 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.

body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

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

# THE ISSUER

## VILLAGE GOVERNMENT

The Village was incorporated in 1903 and is governed by a 5-member Board of Trustees, of which the Village President is a voting member. All are elected to 3-year terms. The appointed Village Administrator/Clerk and Treasurer are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The Village employs a staff of 35 full-time and, nine part-time employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$195,432, \$208,312 and \$202,589 respectively.

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

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

As of December 31, 2020, the total pension liability of the WRS was calculated as \$118.72 billion and the fiduciary net position of the WRS was calculated as \$124.97 billion, resulting in a net pension asset of \$6.25 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

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 2020, the Village reported an asset of \$633,013 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 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 0.01963162 of the aggregate WRS net pension asset as of December 31, 2019.

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

### **Recognized and Certified Bargaining Units**

All eligible Village personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

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 following bargaining units represent employees of the Village:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
WPPA-SORD	December 31, 2021
WPPA-LEER	December 31, 2021
IAFF	December 31, 2021

### **OTHER POST EMPLOYMENT BENEFITS**

The Village does not pay directly for retirees' post-employment benefits. The Village has some obligations for post employment benefits as mandated by State Statutes. Specifically, the Village is required to allow retirees to be covered by the Village's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

Source: The Village



# 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 Notes or otherwise questioning the validity of the Notes.

# MUNICIPAL BANKRUPTCY

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

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

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the 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 Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Notes.

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 Notes would not occur.

# FUNDS ON HAND (as of September 30, 2021)

<b>Fund</b>	<b>Total Cash and Investments</b>
LGIP	\$ 2,824,407
National Exchange Bank	2,586,660
US Bank	<u>1,044,417</u>
Total Funds on Hand	<u><u>\$ 6,455,484</u></u>

## ENTERPRISE FUNDS

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

	2018	2019	2020
<b>Water</b>			
Total Operating Revenues	\$ 984,757	\$ 987,007	\$ 984,968
Less: Operating Expenses	(592,191)	(676,562)	(707,002)
Operating Income	\$ 392,566	\$ 310,445	\$ 277,966
Plus: Depreciation	169,526	171,079	174,944
Interest Income	12,213	14,292	3,202
Revenues Available for Debt Service	<u>\$ 574,305</u>	<u>\$ 495,816</u>	<u>\$ 456,112</u>
<b>Sewer</b>			
Total Operating Revenues	\$ 1,475,544	\$ 1,488,796	\$ 1,496,409
Less: Operating Expenses	(1,024,167)	(1,038,759)	(1,334,363)
Operating Income	\$ 451,377	\$ 450,037	\$ 162,046
Plus: Depreciation	132,900	133,599	135,203
Interest Income	2,847	3,434	769
Revenues Available for Debt Service	<u>\$ 587,124</u>	<u>\$ 587,070</u>	<u>\$ 298,018</u>
<b>Stormwater Utility</b>			
Total Operating Revenues	\$ 229,472	\$ 226,781	\$ 224,735
Less: Operating Expenses	(179,373)	(210,158)	(363,092)
Operating Income	\$ 50,099	\$ 16,623	\$ (138,357)
Plus: Depreciation	18,890	37,622	59,506
Interest Income	778	941	211
Revenues Available for Debt Service	<u>\$ 69,767</u>	<u>\$ 55,186</u>	<u>\$ (78,640)</u>

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete audited financial statements are available upon request. See Appendix A for the Village's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Projected	2022 Adopted Budget <sup>1</sup>
Revenues					
Taxes and special assessments	\$ 713,636	\$ 747,395	\$ 798,852	\$ 802,581	\$ 840,874
Intergovernmental	1,790,252	1,826,905	1,873,780	1,823,714	1,819,114
Licenses and permits	150,727	55,423	69,219	121,473	117,225
Penalties and forfeitures	396,290	340,706	259,756	351,238	367,050
Public charges for services	175,512	195,092	116,005	82,516	107,250
Interest	62,145	92,197	28,951	4,800	10,000
Miscellaneous general revenues	72,504	80,044	60,859	90,009	70,830
Total Revenues	<u>\$ 3,361,066</u>	<u>\$ 3,337,762</u>	<u>\$ 3,207,422</u>	<u>\$ 3,276,331</u>	<u>\$ 3,332,343</u>
Expenditures					
Current:					
General government	\$ 959,126	\$ 854,309	\$ 776,602	\$ 671,791	\$ 725,489
Public safety	1,322,046	1,328,212	1,311,816	1,359,032	1,558,887
Public works	919,843	924,971	950,303	1,011,696	1,101,378
Health and social services	1,895	2,193	3,139	2,604	2,344
Culture and recreation	74,696	75,968	11,785	171,658	178,501
Conservation and development	47,889	59,037	55,307	53,066	60,162
Capital outlay	0	0	0	0	0
Total Expenditures	<u>\$ 3,325,495</u>	<u>\$ 3,244,690</u>	<u>\$ 3,108,952</u>	<u>\$ 3,269,847</u>	<u>\$ 3,626,761</u>
Excess of revenues over (under) expenditures	\$ 35,571	\$ 93,072	\$ 98,470	\$ 6,484	\$ (294,418)
Other Financing Sources (Uses)					
Proceeds from property sales	8,926	2967	1,819	15,934	12,500
Proceeds of long-term debt	0	0	0	0	0
Transfers in	226,495	225,781	220,755	229,200	230,000
Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 235,421</u>	<u>\$ 228,748</u>	<u>\$ 222,574</u>	<u>\$ 245,134</u>	<u>\$ 242,500</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 270,992	\$ 321,820	\$ 321,044	\$ 251,618	\$ (51,918)
General Fund Balance January 1	1,918,610	2,189,602	2,511,422	2,832,466	3,084,084
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	<u>\$ 2,189,602</u>	<u>\$ 2,511,422</u>	<u>\$ 2,832,466</u>	<u>\$ 3,084,084</u>	<u>\$ 3,032,166</u>
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	476,708	528,060	727,944		
Restricted	0	0	0		
Committed	0	0	0		
Assigned	439,808	542,704	643,011		
Unassigned	1,273,086	1,440,658	1,461,511		
Total	<u>\$ 2,189,602</u>	<u>\$ 2,511,422</u>	<u>\$ 2,832,466</u>		

<sup>1</sup> The 2022 budget was adopted on November 15, 2021.

## GENERAL INFORMATION

### LOCATION

The Village, with a 2010 U.S. Census population of 5,014 and a current estimated population of 5,226 comprises an area of 1,315 acres and is located approximately 70 miles from the Milwaukee, Green Bay and Madison Metro areas at the south end of Lake Winnebago.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the Village include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
School District of NFDL	Elementary and secondary education	203
Badger State Auto Auction	Wholesale dealer auto sales	89
Village of North Fond du Lac	Municipal government and services	44 <sup>2</sup>
FDL Express	Delivery service	35
Fze Manufacturing Solutions	Machining shop	35
Agnesian Healthcare	Medical clinic	33
Create Salon & Spa	Salon service provider	27
Sparkle Wash	Truck wash and mobile pressure washing service	25
Culligan Water Conditioning	Sale and retail of water softening equipment	20
A to Z Vending	Vending services	12

**Source:** *Data Axle Reference Solutions, written and telephone survey (October 2021), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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<sup>1</sup> 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. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

<sup>2</sup> 35 Full-time and 9 Part-time.

## BUILDING PERMITS

	2017	2018	2019	2020	2021 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	3	5	6	6	4
Valuation	\$558,000	\$1,173,397	\$1,620,000	\$1,923,000	\$1,145,691
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	8	1	4	1
Valuation	\$0	\$22,988,000	\$53,000	\$2,408,000	\$2,679,402
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	326	338	289	445	328
Valuation	\$2,512,011	\$20,445,596	\$4,658,011	\$7,486,851	\$6,983,239

**Source:** The Village.

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<sup>1</sup> As of October 12, 2021.

## U.S. CENSUS DATA

### Population Trend: The Village

2000 U.S. Census	4,557
2010 U.S. Census	5,014
2021 Estimated Population	5,226
Percent of Change 2000 - 2010	+ 10.03%

### Income and Age Statistics

	The Village	Fond Du Lac County	State of Wisconsin	United States
2019 per capita income	\$24,359	\$31,653	\$33,375	\$34,103
2019 median household income	\$56,532	\$62,391	\$61,747	\$62,843
2019 median family income	\$60,625	\$78,200	\$78,679	\$77,263
2019 median gross rent	\$942	\$747	\$856	\$1,062
2019 median value owner occupied units	\$113,600	\$157,800	\$180,600	\$217,500
2019 median age	38.7 yrs.	41.6 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
Village % of 2019 per capita income	72.99%	71.43%
Village % of 2019 median family income	77.05%	78.47%

### Housing Statistics

	<u>The Village</u>		
	2010	2019	Percent of Change
All Housing Units	2,165	2,177	0.55%

**Source:** 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Fond Du Lac County	Fond Du Lac County	State of Wisconsin
2017	55,260	2.8%	3.3%
2018	55,492	2.7%	3.0%
2019	55,360	2.9%	3.3%
2020	52,828	5.9%	6.3%
2021, September <sup>1</sup>	57,278	2.7%	3.3%

**Source:** Wisconsin Department of Workforce Development.

<sup>1</sup> Preliminary.

### **FINANCIAL STATEMENTS**

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

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

## Village of North Fond du Lac

Financial Statements and  
Supplementary Information

December 31, 2020

### Village of North Fond du Lac

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## Village of North Fond du Lac

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### Independent Auditors' Report

To the Village Board of  
Village of North Fond du Lac

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of North Fond du Lac, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village of North Fond du Lac's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Village of North Fond du Lac'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 Village of North Fond du Lac'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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of North Fond du Lac, Wisconsin, as of December 31, 2020 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.

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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the the required supplementary information as listed in the table of contents 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.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of North Fond du Lac's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 12, 2021

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The management of the Village of North Fond du Lac (Village) offers this narrative discussion and analysis (MD&A) of the financial performance of the Village for the fiscal year ended December 31, 2020. The MD&A is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Village's financial activity; (3) identify changes in the Village's financial position; (4) identify material deviations from the approved budget; and (5) identify individual fund issues or concerns.

Since the MD&A focuses primarily on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's more detailed financial statements which follow this section.

### 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. This relationship between revenues and expenses illustrates the Village's operating results. The Village's net position, as measured in the Statement of Net Position, is one indicator of the Village's financial position or health. Over time, increases or decreases in the Village's net position, as measured in the Statement of Activities, are an important indicator of whether its financial health is improving or deteriorating. The Village's mission, however, is to provide services that improve the quality of life for our residents, rather than generate profits as companies do. For this reason, it is also necessary to consider many other nonfinancial factors, such as the condition of roads or quality of services, in assessing the overall health of the Village.

- The assets and deferred outflows of the Village of North Fond du Lac exceeded its liabilities and deferred inflows as of December 31, 2020, by \$21,795,560 (net position). Of this amount, \$5,687,534 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position includes all major infrastructure networks.
- The Village of North Fond du Lac's total net position increased by \$879,855 in 2020.
- As of December 31, 2020, the Village of North Fond du Lac's governmental funds reported combined ending fund balances of \$3,713,511, a decrease of \$395,953 in comparison with the prior year. \$1,748,384 or 47 percent of this total is available for spending at the government's discretion (assigned and unassigned fund balances).
- As of December 31, 2020, the assigned and unassigned fund balances for the General Fund were \$2,104,522 or approximately 68 percent of total general fund expenditures. The assigned and unassigned fund balances increased by \$121,160 or about 6 percent, when compared to last year. This was primarily due to the Routes to Recovery grant received by the Village and overall expenditures being less than budgeted.

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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Overview of the Financial Statements

#### Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Village's assets, liabilities and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village it is also necessary to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's infrastructure.

The *Statement of Activities* presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the 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 compensated absences).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from those 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; health and social services; public works; leisure activities; and conservation and economic development. The business-type activities of the Village of North Fond du Lac include the Water, Wastewater and Stormwater Utilities.

The government-wide financial statements can be found on pages 1 and 2 of this report.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Overview of the Financial Statements

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 short-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 nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Ambulance Special Revenue Fund, Debt Service Fund, Capital Projects Fund and TIF District No. 1 Capital Project Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 3 – 8 of this report.

*Proprietary Funds* – The Village maintains three (3) proprietary enterprise funds – the Water, Wastewater and Stormwater Utilities. These enterprise 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.

The basic proprietary fund financial statement can be found on pages 9 – 13 of this report.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 14 – 15 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 pages 16 – 49 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, required supplementary information presents detailed budgetary comparison schedules for the General Fund and Ambulance Special Revenue Fund to demonstrate compliance with the budget. These schedules can be found on pages 50 – 56 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 57 – 58 of this report.

The financial statements also include the CDA as a component unit. The Community Development Authority's (CDA's) financial statements have been presented as a discrete column in the financial statements. Detailed schedules can be found on pages 59 and 60 of this report.

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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Financial Analysis of the Village as a Whole

An analysis of the Village's financial position should begin with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the Village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

#### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of North Fond du Lac, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,795,560 as of December 31, 2020.

The largest portion of the Village's net position (65 percent) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide service 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.

An additional portion of the Village's net position (9 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$5,687,534 may be used to meet the government's ongoing obligation to citizens and creditors.

## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

A summary of the Village's Statement of Net Position is presented in the table below.

	Village of North Fond du Lac Statement of Net Position				
	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
<b>Assets:</b>					
Current and other assets	\$ 6,847,620	\$ 6,600,492	\$ 4,545,187	\$ 5,021,728	\$ 11,392,807
Capital assets	6,719,962	6,808,627	12,447,446	11,996,855	19,167,408
Total assets	13,567,582	13,409,119	16,992,633	17,018,583	30,560,215
Deferred outflows of resources	1,291,518	1,630,645	179,729	229,404	1,471,247
Liabilities:					
Long-term liabilities	4,738,500	6,574,162	1,029,064	1,372,574	5,767,564
Other liabilities	273,711	243,655	175,829	135,832	449,540
Total liabilities	5,012,211	6,817,817	1,204,893	1,508,406	6,217,104
Deferred inflows of resources	3,794,811	2,926,529	223,987	119,424	4,018,798
Net position:					
Net investment in capital	2,615,032	2,121,850	11,468,076	10,749,570	14,083,108
Restricted	1,328,595	954,159	696,323	624,106	2,024,918
Unrestricted	2,108,451	2,219,409	3,579,083	4,246,611	5,687,534
Total net position	\$ 6,052,078	\$ 5,295,418	\$ 15,743,482	\$ 15,620,287	\$ 21,795,560

\* The total column reflects a capital debt adjustment for 2019.

#### Changes in Net Position

The following table provides a summary of the Village's operations for the year ended December 31, 2020. Governmental activities increased the Village of North Fond du Lac's net position by \$756,660. Business-type activities increased the net position by \$123,195.

## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

The following tables and narrative reviews separately the operational results of governmental and business-type activities.

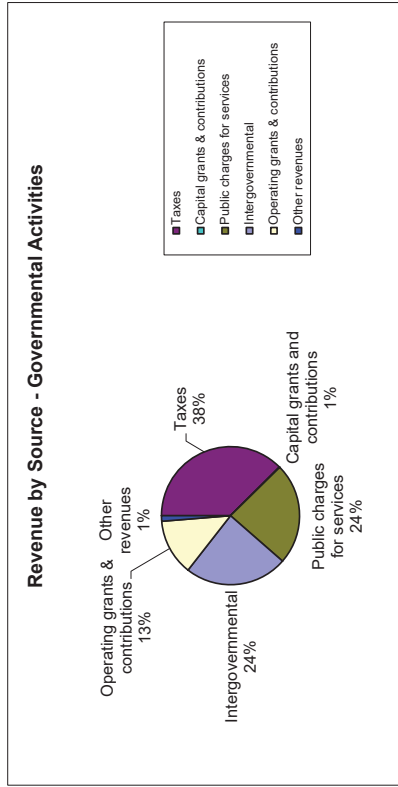
Village of North Fond du Lac					
Condensed Statement of Revenues, Expenses and Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 1,445,688	\$ 1,381,907	\$ 2,706,112	\$ 2,702,584	\$ 4,151,800
Operating grants and contributions	797,653	658,170	-	-	797,653
Capital grants and contributions	7,511	21,896	1,090	329,881	8,601
General revenues:					
Property taxes	2,093,736	2,136,573	-	-	2,093,736
Other taxes	183,331	184,856	-	-	183,331
Intergovernmental	1,463,842	1,458,705	-	-	1,463,842
Investment income	37,808	106,655	4,162	18,667	41,990
Miscellaneous	41,353	81,159	81,653	15	123,006
Total revenues	6,070,922	6,030,121	2,793,037	3,051,147	8,863,959
<b>Expenses</b>					
Government	757,276	825,725	-	-	757,276
Public safety	2,891,027	2,728,352	-	-	2,891,027
Public works	1,240,255	1,271,086	-	-	1,240,255
Health and social services	2,056	945	-	-	2,056
Culture, education and recreation	467,339	485,504	-	-	467,339
Conservation and development	65,536	73,238	-	-	65,536
Interest and fiscal charges	111,528	164,002	-	-	111,528
Water utility	-	-	747,966	722,308	747,966
Wastewater utility	-	-	1,338,029	1,044,710	1,338,029
Stormwater utility	-	-	363,092	210,158	363,092
Total expenses	5,535,017	5,548,852	2,449,087	1,977,176	7,984,104
Increases in net position before transfers	535,905	481,269	343,950	1,073,971	879,855
Transfers	220,755	225,781	(220,755)	(225,781)	-
Increases in net position	756,660	707,050	123,195	848,190	879,855
<b>Net Position, Beginning</b>	5,295,418	4,588,368	15,620,287	14,772,097	20,915,705
<b>Net Position, Ending</b>	\$ 6,052,078	\$ 5,295,418	\$ 15,743,482	\$ 15,620,287	\$ 21,795,560
					\$ 20,915,705

## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

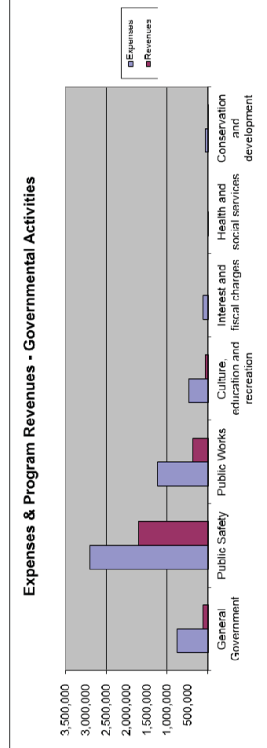
### Governmental Activities

The Village received a total of \$6,051,083 in governmental activity revenues in 2020. As the following chart indicates, the largest revenue source is taxes followed by intergovernmental revenues and charges for services.



Total governmental activities expenses were \$5,515,178 in 2020. Revenues exceeded expenses by \$535,905. After transfers in, there was an increase in net position of \$756,660.

In 2020, Public Safety activities (police, fire, EMS, emergency government) accounted for the largest share of Village expenditures at 52 percent. This was followed next by expenditures on Public Works at 22 percent. Other expenditure areas included General Government at 14 percent, Culture, Education and Recreation at 9 percent, Interest and Fiscal Charges at 2 percent and Conservation and Development at 1 percent.

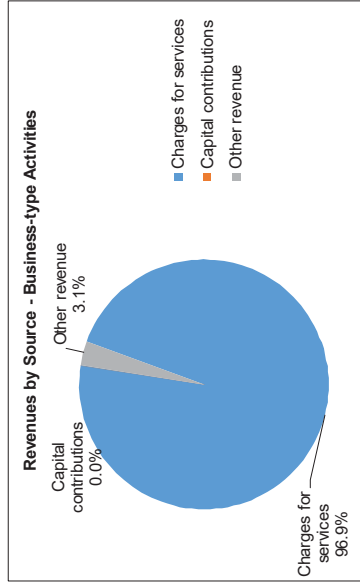


## Village of North Fond du Lac

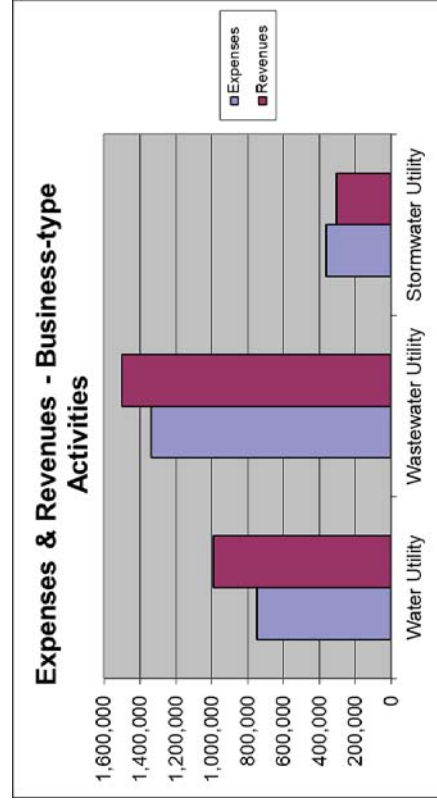
Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Business-Type Activities

The Village generated \$2,793,037 in business-type activity revenue in 2020 from its Water, Wastewater and Stormwater Utilities. Charges for services are by far the largest revenue source for these operations, representing 97 percent of revenues.



Business-type activities increased the Village's net position by \$123,195 in 2020, which represents an increase of 1 percent over the previous year. The net operating income of the Water, Wastewater and Stormwater Utilities was \$301,655. The following graph compares the revenues to the expenses for each utility. The current water, wastewater and stormwater rates became effective January 2016, January 2016 and January 2007, respectively.



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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

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 North Fond du Lac'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 requirement. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the Village of North Fond du Lac's governmental funds reported combined ending fund balances of \$3,713,511. Approximately 48 percent of this total amount (\$1,748,384) constitutes assigned and unassigned fund balances. The remainder of the fund balance is reported as either nonspendable (\$733,247), restricted (\$1,171,851) or committed (\$60,029). Nonspendable fund balance is not in spendable form or required to be maintained intact. Amounts are restricted externally or through law or enabling legislation.

#### General Fund

The General Fund is the main operating fund of the Village. The general fund balance increased from \$2,511,422 to \$2,832,466 an increase of \$321,044. Overall, expenditures in the General Fund were under budget by \$492,694, while total revenues were \$104,921 lower than budgeted.

#### Ambulance Fund

The Ambulance Special Revenue Fund accounts for the emergency medical services of the Village. Fund balance decreased \$13,778 for 2020. This is the result of an increase in ambulance wages related to a spike of activity at the end of the year due to a sharp increase in COVID-19 serious cases.

#### Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term principal, interest and related costs. Fund balance was \$103,480 at year-end.

#### Capital Projects Fund

This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance decreased from \$795,135 to \$281,663, a decrease of \$513,472, primarily due to the spend-down of bond proceeds issued in the prior year.

#### Tax Incremental District (TID) No. 1 Capital Projects Fund

This fund accounts for expenditures outlined in the TID No. 1 project plan and related revenues and proceeds from long-term borrowing. Total fund balance is \$493,232 at year-end and is comprised of equity related to property held for resale within the TIF and cash available for possible future purchases. It provided incremental sharing to TIF No. 2 in the amount of \$184,232 in 2020.

#### Proprietary Fund

The Village of North Fond du Lac's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

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## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Water, Wastewater and Stormwater Utilities

The North Fond du Lac Water, Wastewater and Stormwater Utilities are enterprise funds of the Village of North Fond du Lac. The utilities' operating expenses in 2020 were \$478,978 higher than in 2019.

Utility operating revenues generated mostly by user fees increased \$3,528 or less than 1 percent higher than 2019.

### General Fund Budgetary Highlights

The total final appropriations, including transfers, were \$3,601,646 while total actual expenditures were \$3,108,952. Significant variances with the budgeted expenditures include those that were under budget – Municipal court (\$44,051), risk management (\$126,477), police (\$162,685) and public works administration (\$54,914). These were offset by expenditures that were over budget, including: General administration (\$23,175) and parks and playgrounds (\$17,351).

Revenues were over those budgeted by \$104,921.

### Capital Assets

At the end of 2020, the Village had invested a total of \$19,167,408 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, vehicles, infrastructure and construction work in progress.

Significant capital asset additions during 2020 included: Bechaud Avenue and Polk Street improvements.

#### Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Land	\$ 2,224,775	\$ 2,224,775	\$ 254,945	\$ 254,945	\$ 2,479,720
Construction in progress	256,054	-	-	-	256,054
Land improvements	275,506	275,506	-	-	275,506
Buildings	2,706,432	2,706,432	-	-	2,706,432
Machinery and equipment	3,888,184	3,808,685	-	-	3,888,184
Infrastructure	3,790,765	3,790,765	-	-	3,790,765
Water plant	-	-	7,844,772	7,401,206	7,844,772
Wastewater plant	-	-	8,751,596	8,751,596	8,751,596
Stormwater plant	-	-	1,500,697	1,185,637	1,500,697
Total capital assets	13,141,716	12,806,163	18,152,010	17,391,347	31,293,726
Less accumulated depreciation	(6,421,754)	(5,997,536)	(5,704,564)	(5,394,492)	(12,126,318)
Capital assets, net of accumulated depreciation	\$ 6,719,962	\$ 6,808,627	\$ 12,447,446	\$ 11,996,855	\$ 19,167,408

Additional information on the Village's capital assets can be found in Note 3 of this report.

## Village of North Fond du Lac

Management's Discussion and Analysis  
December 31, 2020  
(Unaudited)

### Long-Term Debt

The Village retired \$1,173,234 in general obligation debt during 2020 and issued \$0. A total of \$4,637,148 in general obligation debt remains outstanding at the end of 2020. This results in a per capita general obligation debt of \$916 per person. Of the bonded debt, \$4,392,148 is to be repaid from general property taxes over the next five years.

The Water and Wastewater Utilities retired \$112,915 in mortgage revenue bonds in 2020.

The Water and Wastewater Utilities had \$734,370 of mortgage revenue bonds remain outstanding at the end of 2020. These mortgage revenue bonds will be repaid from Water and Wastewater Utility customer revenues over the next 10 years.

Under Wisconsin State Statutes, Chapter 67, the Village of North Fond du Lac's aggregate general obligation indebtedness may not exceed 5 percent of the equalized value of taxable property located in the Village. The net amount of debt at year-end that was applicable to the statutory limit was \$4,637,148, which was 41 percent of the maximum allowed \$11,220,960.

#### Village of North Fond du Lac

##### Outstanding Debt

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
General obligation bonds and notes payable	\$ 4,392,148	\$ 5,410,382	\$ 245,000	\$ 400,000	\$ 4,637,148
Revenue bonds	-	-	734,370	847,285	734,370
Capital leases	-	235,500	-	-	235,500
Total outstanding debt	\$ 4,392,148	\$ 5,645,882	\$ 979,370	\$ 1,247,285	\$ 5,371,518

\* Includes direct borrowings.

Additional information on the Village's long-term debt can be found in Note 3 of this report.

### Currently Known Facts / Economic Conditions

The Village of North Fond du Lac is located adjacent to the northern edge of the City of Fond du Lac. North Fond du Lac is nearly equidistant to Madison, Milwaukee and Green Bay. This proximity to all three major regional commercial centers is an opportunity for growth. The Village's population is just over 5,000.

The property tax base posted a 0.0 percent increase in equalized value for 2019. Assessment data indicates that the rate of appreciation in value of all classes of property remains low.

The North Fond du Lac Village Board adopted the 2021 budget in November 2020. The budget authorizes General Fund expenditures of \$3.7 million, similar to the previous year. The combined property tax levy for all funds is \$1 million, similar to the previous year.

## Village of North Fond du Lac

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

### Requests for Information

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Village's finances. If you have any questions about this report or need any additional information, contact the Village of North Fond du Lac at 920 929 3765. General information relating to the Village of North Fond du Lac, Wisconsin, can be found at the Village's website, [www.nfdl.org](http://www.nfdl.org).

## Village of North Fond du Lac

Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>	\$	\$	\$	\$
Cash and investments	2,835,626	2,148,946	4,984,572	24,230
Receivables (net):				
Taxes receivable	2,143,618	-	2,143,618	-
Accounts	265,570	630,650	896,220	-
Special assessments	136,094	1,393	137,487	-
Loans	386,675	-	386,675	-
Internal balances	(15,135)	15,135	-	-
Other assets	-	12,402	12,402	-
Inventories and prepaid items	23,591	107,986	131,577	-
Assets held for resale	511,368	-	511,368	-
Property held for future use	-	926,232	926,232	-
Restricted assets:				
Net pension asset	560,213	72,800	633,013	-
Cash and investments	-	629,643	629,643	-
Capital assets:				
Land	2,224,775	254,945	2,479,720	-
Construction in progress	256,064	-	256,064	-
Other capital assets, net of depreciation	4,239,133	12,192,501	16,431,634	-
Total assets	13,567,582	16,992,633	30,560,215	24,230
<b>Deferred Outflows of Resources</b>				
Pension related amounts	1,291,518	179,729	1,471,247	-
Total deferred outflows of resources	1,291,518	179,729	1,471,247	-
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	272,361	175,829	448,190	-
Deposits	1,350	-	1,350	-
Noncurrent liabilities:				
Due within one year	1,220,943	307,418	1,528,361	-
Due in more than one year	3,517,557	721,646	4,239,203	-
Total liabilities	5,012,211	1,204,893	6,217,104	-
<b>Deferred Inflows of Resources</b>				
Unearned revenues	2,116,044	-	2,116,044	-
Pension related amounts	1,678,767	223,987	1,902,754	-
Total deferred inflows of resources	3,794,811	223,987	4,018,798	-
<b>Net Position</b>				
Net investment in capital assets	2,615,032	11,468,076	14,083,108	-
Restricted for:				
Replacement of capital assets	-	256,706	256,706	-
Loan programs	429,523	-	429,523	-
Debt service	88,949	366,817	455,766	-
Library	60,054	-	60,054	-
TIF activities	189,856	-	189,856	-
Pension	560,213	72,800	633,013	-
Unrestricted	2,108,451	3,579,083	5,687,534	24,230
Total net position	6,052,078	15,743,482	21,795,560	24,230

See notes to financial statements



**Village of North Fond du Lac**

Balance Sheet  
Governmental Funds  
December 31, 2020

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund
<b>Assets</b>				
Cash and investments	\$ 2,268,978	\$ -	\$ 103,480	\$ 292,502
Receivables:				
Taxes	639,846	151,612	649,548	-
Delinquent personal property taxes	7,310	-	-	-
Accounts (net)	78,177	185,671	-	1,722
Special assessments	-	-	-	131,517
Delinquent special assessments	4,577	-	-	-
Loans	1,126	-	-	-
Prepaid items	18,288	3,701	-	-
Advances to other funds	701,279	-	-	-
Resale inventory	18,136	-	-	-
Total assets	\$ 3,737,717	\$ 340,984	\$ 753,028	\$ 425,741

**Liabilities, Deferred Inflows of Resources and Fund Balances**

<b>Liabilities</b>				
Accounts payable	\$ 115,498	\$ 3,278	\$ -	\$ 11,211
Accrued liabilities	87,881	31,751	-	-
Due to other funds	15,135	-	-	-
Deposits	-	-	-	1,350
Advances from other funds	-	397,903	-	-
Total liabilities	218,514	432,932	-	12,561

**Deferred Inflows of Resources**

Unearned revenues	619,582	151,612	649,548	-
Unavailable revenues	67,155	-	-	131,517

Total deferred inflows of resources

	686,737	151,612	649,548	131,517
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**Fund Balances (Deficit)**

Nonspendable	727,944	3,701	-	-
Restricted	-	-	103,480	87,164
Committed	-	-	-	-
Assigned	643,011	-	-	194,499
Unassigned (deficit)	1,461,511	(247,261)	-	-

Total fund balances (deficit)

	2,832,466	(243,560)	103,480	281,663
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Total liabilities and fund balance

	\$ 3,737,717	\$ 340,984	\$ 753,028	\$ 425,741
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**Village of North Fond du Lac**

Statement of Activities  
Year Ended December 31, 2020

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Changes in Net Position				
	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities		Business-Type Activities	
	Expenses									Component Unit
<b>Primary Government</b>										Community Development Authority
Governmental activities:										
Public safety	\$ 757,276	\$ 83,507	\$ 28,000	\$ -	\$ -	\$ (645,769)	\$ -	\$ -	\$ (645,769)	\$ -
Public works	2,891,027	1,317,069	379,590	-	-	(1,194,368)	-	-	(1,194,368)	-
Public safety	1,240,255	38,025	323,085	-	7,511	(871,634)	-	-	(871,634)	-
Public safety	467,339	-	-	-	-	(395,024)	-	-	(395,024)	-
Public safety	65,536	1,750	66,078	-	-	(63,766)	-	-	(63,766)	-
Interest and fiscal charges	111,528	-	-	-	-	(111,528)	-	-	(111,528)	-
Total governmental activities	5,535,017	1,445,688	797,653	-	7,511	(3,284,165)	-	-	(3,284,165)	-
<b>Business-type activities:</b>										
Water utility	747,966	984,988	-	-	-	237,022	237,002	-	237,002	-
Wastewater utility	1,334,029	1,456,509	-	-	1,090	155,470	159,470	-	159,470	-
Stormwater utility	353,082	254,435	-	-	-	(138,587)	138,587	-	138,587	-
Total business-type activities	2,435,077	2,705,932	-	-	1,090	253,115	253,115	-	253,115	-
Total primary government	\$ 7,970,094	\$ 4,151,620	\$ 797,653	\$ -	\$ 8,601	\$ (3,284,165)	\$ (3,030,950)	\$ -	\$ (3,030,950)	\$ -
<b>Component Unit</b>										
Community Development Authority	\$ 30,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,332)
<b>General Revenues</b>										
Property taxes, levied for general purposes						1,557,635	-	-	1,557,635	-
Property taxes, levied for TIF districts						536,101	-	-	536,101	-
Intergovernmental revenues not restricted to specific programs						1,483,842	-	-	1,483,842	-
Public gifts and grants						11,038	-	-	11,038	-
Investment income						37,808	4,182	-	41,990	129
Miscellaneous						30,615	81,653	-	112,268	-
Total general revenues						3,920,070	65,935	-	3,986,005	7,659
<b>Transfers</b>						220,755	(220,755)	-	-	-
Change in net position						756,660	123,195	-	879,855	(22,664)
<b>Net Position, Beginning</b>						5,295,410	15,600,287	-	20,915,705	46,884
<b>Net Position, Ending</b>						\$ 6,052,070	\$ 15,743,482	\$ -	\$ 21,795,560	\$ 24,220

See notes to financial statements  
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# **Village of North Fond du Lac**

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2020

<b>Total Fund Balances, Governmental Funds</b>		<b>\$</b>	<b>3,713,511</b>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.			
Land			2,224,775
Construction in progress			256,054
Other capital assets			10,660,887
Less accumulated depreciation			(6,421,754)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.			
			198,672
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.			
			560,213
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.			
			1,291,518
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.			
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.			(1,678,767)
Bonds and notes payable			(4,392,148)
Compensated absences			(279,258)
Accrued interest			(14,531)
Premium from debt issued			(67,094)
		<b>\$</b>	<b>6,052,078</b>

## **Net Position of Governmental Activities**

<b>TIF District No. 1</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
-	170,666	2,835,626
545,169	150,133	2,136,308
-	-	7,310
-	-	265,570
-	-	131,517
-	-	4,577
-	385,549	386,675
-	1,602	23,591
-	-	701,279
493,232	-	511,368
<b>\$ 1,038,401</b>	<b>\$ 707,950</b>	<b>\$ 7,003,821</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
-	3,548	133,535
-	4,663	124,295
-	-	15,135
-	-	1,350
-	303,376	701,279
-	311,587	975,594
545,169	150,133	2,116,044
-	-	198,672
545,169	150,133	2,314,716
-	1,602	733,247
493,232	487,975	1,171,851
-	60,029	60,029
-	-	837,510
-	(303,376)	910,874
493,232	246,230	3,713,511
<b>\$ 1,038,401</b>	<b>\$ 707,950</b>	<b>\$ 7,003,821</b>

See notes to financial statements

See notes to financial statements

# **Village of North Fond du Lac**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended December 31, 2020

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund
<b>Revenues</b>				
Taxes	\$ 790,846	\$ 135,928	\$ 666,278	\$ -
Intergovernmental	1,873,780	249,793	-	-
Licenses and permits	69,219	-	-	-
Fines, forfeitures and penalties	259,756	-	-	-
Public charges for services	116,005	999,169	-	-
Special assessments	8,006	-	-	19,839
Investment income	28,951	-	-	7,036
Miscellaneous revenues	60,859	-	-	2,022
Total revenues	3,207,422	1,384,890	666,278	28,897
<b>Expenditures</b>				
Current:				
General government	776,602	-	-	-
Public safety	1,311,816	1,398,668	-	-
Health and human services	3,139	-	-	-
Public works	950,303	-	-	-
Culture, recreation and education	11,785	-	-	-
Conservation and development	55,307	-	-	-
Capital outlay	-	-	-	542,369
Debt service:				
Principal	-	-	585,000	-
Interest and fiscal charges	-	-	93,511	-
Total expenditures	3,108,952	1,398,668	678,511	542,369
Excess (deficiency) of revenues over expenditures	98,470	(13,778)	(12,233)	(513,472)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	1,819	-	-	-
Transfers in	220,755	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	222,574	-	-	-
Net change in fund balances	321,044	(13,778)	(12,233)	(513,472)
<b>Fund Balances (Deficit), Beginning</b>	2,511,422	(229,782)	115,713	795,135
<b>Fund Balances (Deficit), Ending</b>	\$ 2,832,466	\$ (243,560)	\$ 103,480	\$ 281,663

See notes to financial statements  
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	TIF District No. 1	Nonmajor Governmental Funds	Total
\$ 536,101	\$ 147,914	\$ 2,277,067	
-	66,978	2,190,551	
-	-	69,219	
-	-	259,756	
-	1,539	1,116,713	
-	-	27,845	
-	272	36,259	
-	3,213	66,094	
536,101	219,916	6,043,504	
1,454	5,956	784,012	
-	-	2,710,484	
-	-	3,139	
11,881	-	962,184	
-	206,024	217,809	
-	6,980	62,287	
-	359	542,728	
318,734	350,000	1,253,734	
19,800	12,343	125,654	
351,869	581,662	6,662,031	
184,232	(361,746)	(618,527)	
-	-	1,819	
-	184,232	404,987	
(184,232)	-	(184,232)	
(184,232)	184,232	222,574	
-	(177,514)	(395,953)	
493,232	423,744	4,109,464	
\$ 493,232	\$ 246,230	\$ 3,713,511	

See notes to financial statements  
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## Village of North Fond du Lac

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

Year Ended December 31, 2020

## Net Change in Fund Balances, Total Governmental Funds

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

\$ (395,953)

governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements. Some items reported as capital outlay were not capitalized. Depreciation is reported in the government-wide financial statements.

542,728  
(193,079)  
(438,314)

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

24,766

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

Principal repaid  
Principal repaid - Capital Leases

1,018,234  
235,500

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

Compensated absences	(34,493)
Accrued interest on debt	5,739
Net pension asset/liability	1,168,247
Deferred outflows of resources related to pensions	(339,127)
Deferred inflows of resources related to pensions	(845,975)
Premium	8,387

(34,493)  
5,739  
1,168,247  
(339,127)  
(845,975)  
8,387

### Change in Net Position of Governmental Activities

\$ 756,660

## Village of North Fond du Lac

Statement of Net Position  
Proprietary Funds  
December 31, 2020

## Business-Type Activities - Enterprise Funds

Nonmajor  
Enterprise

	Water Utility	Wastewater Utility	Stormwater Utility	Total Utility
Water	100%	0%	0%	100%
Wastewater	0%	100%	0%	100%
Stormwater	0%	0%	100%	100%
Total	100%	100%	100%	300%

\$	704,057	\$	1,438,150	\$	6,739	\$	2,148,946
	181,804		328,331		120,515		630,650
	4,979		9,213		943		15,135
	107,986		-		-		107,986
	49,221		38,726		-		87,947

1,048,047	1,814,420	128,197	2,990,664
-----------	-----------	---------	-----------

## Assets

Current assets:

Cash and investments	\$	704,057	\$	1,438,150	\$	6,739	\$	2,148,946
Accounts receivable		181,804		328,331		120,515		630,650
Due from other funds		4,979		9,213		943		15,135
Inventories		107,986		-		-		107,986
Restricted assets:								

Total current assets

Noncurrent assets:

Restricted assets:

Reserve account	284,990	-	-	284,990
Depreciation account	51,114	-	-	51,114
Replacement account	-	-	-	205,592
Net pension asset	35,283	205,592	-	8,824
Capital assets:		28,693		72,800

Land	42,797	206,074	254,945
Property and equipment	7,644,772	1,500,697	17,897,065
Less accumulated depreciation	(2,955,635)	(2,503,304)	(5,704,564)
Other assets:			
Special assessments receivable	1,393	-	1,393
Preliminary survey and investigation	-	9,299	12,402
Property held for future use	926,232	-	926,232

Total noncurrent assets

Total assets

### Deferred Outflows of Resources

Pension related amounts

Pension related amounts	86,632	70,963	22,134	179,729
Total deferred outflows of resources	86,632	70,963	22,134	179,729

Total deferred outflows of resources

# **Village of North Fond du Lac**

Statement of Net Position  
Proprietary Funds  
December 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Nonmajor Enterprise Fund - Stormwater	Total
Utilities	Utility	Utility	Utility	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 27,687	\$ 116,503	\$ 10,669	\$ 154,859
Accrued wages	7,350	4,310	1,794	13,454
Accrued interest	285	75	-	360
Compensated absences	15,016	13,212	4,820	33,048
General obligation bonds and notes payable	100,000	55,000	-	155,000
Unearned revenues	-	1,036	-	1,036
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	65,000	54,370	-	119,370
Accrued interest	5,871	249	-	6,120
Total current liabilities	221,209	244,755	17,283	483,247
Noncurrent liabilities:				
Long-term debt:				
General obligation debt	90,000	-	-	90,000
Revenue bonds	615,000	-	-	615,000
Compensated absences	7,759	6,936	1,951	16,646
Total noncurrent liabilities	712,759	6,936	1,951	721,646
Total liabilities	933,968	251,691	19,234	1,204,893
<b>Deferred Inflows of Resources</b>				
Pension related amounts	109,022	88,112	26,853	223,987
Total deferred inflows of resources	109,022	88,112	26,853	223,987
<b>Net Position</b>				
Net investment in capital assets	3,861,934	6,144,996	1,461,146	11,468,076
Restricted for:				
Replacement of capital assets	51,114	205,592	-	256,706
Debt service	328,340	38,477	-	366,817
Pension	35,283	28,693	8,824	72,800
Unrestricted	1,845,964	1,619,576	113,543	3,579,083
Total net position	\$ 6,122,635	\$ 8,037,334	\$ 1,583,513	\$ 15,743,482

See notes to financial statements  
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# **Village of North Fond du Lac**

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Nonmajor Enterprise Fund - Stormwater	Total
Utilities	Utility	Utility	Utility	
<b>Operating Revenues</b>				
Charges for services	\$ 984,968	\$ 1,496,409	\$ 224,735	\$ 2,706,112
Total operating revenues	984,968	1,496,409	224,735	2,706,112
<b>Operating Expenses</b>				
Operation and maintenance	532,058	1,193,184	303,586	2,028,828
Depreciation	174,944	135,203	59,506	369,653
Amortization	-	5,976	-	5,976
Total operating expenses	707,002	1,334,363	363,092	2,404,457
Operating income (loss)	277,966	162,046	(138,357)	301,655
<b>Nonoperating Revenues (Expenses)</b>				
Interest on investments	3,202	769	211	4,182
Interest expense	(40,964)	(3,666)	-	(44,630)
Miscellaneous revenues	3,261	-	78,392	81,653
Total nonoperating revenues (expenses)	(34,501)	(2,897)	78,603	41,205
Income before contributions and transfers	243,465	159,149	(59,754)	342,860
<b>Contributions and Transfers</b>				
Capital contributions	-	1,090	-	1,090
Transfers out-tax equivalent	(142,521)	(78,234)	-	(220,755)
Total contributions and transfers	(142,521)	(77,144)	-	(219,665)
Change in net position	100,944	82,005	(59,754)	123,195
<b>Net Position, Beginning</b>	6,021,691	7,955,329	1,643,267	15,620,287
<b>Net Position, Ending</b>	\$ 6,122,635	\$ 8,037,334	\$ 1,583,513	\$ 15,743,482

See notes to financial statements  
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# **Village of North Fond du Lac**

Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Stormwater	Nonmajor Enterprise Fund - Utility
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ 1,000,668	\$ 1,466,874	\$ 217,275	\$ 2,684,817
Paid to suppliers for goods and services	(279,975)	(994,718)	(105,211)	(1,379,904)
Paid to employees for services	(251,006)	(174,549)	(200,350)	(625,905)
Net cash flows from operating activities	469,687	297,607	(88,286)	679,008
<b>Cash Flows From Investing Activities</b>				
Investment income	3,202	769	211	4,182
Net cash flows from investing activities	3,202	769	211	4,182
<b>Cash Flows From Noncapital Financing Activities</b>				
Paid to municipality for tax equivalent financing activities	(142,521)	(78,234)	-	(220,755)
Net cash flows from noncapital financing activities	(142,521)	(78,234)	-	(220,755)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Debt retired	(160,000)	(107,915)	-	(267,915)
Interest paid	(41,551)	(4,011)	-	(45,562)
Special assessments received	-	1,090	-	1,090
Acquisition and construction of capital assets	(291,305)	(212,869)	(310,174)	(814,348)
Net cash flows from capital and related financing activities	(492,856)	(323,705)	(310,174)	(1,126,735)
Net change in cash and cash equivalents	(162,488)	(103,563)	(398,249)	(664,300)
<b>Cash and Cash Equivalents, Beginning</b>	1,251,870	1,786,031	404,988	3,442,889
<b>Cash and Cash Equivalents, Ending</b>	\$ 1,089,382	\$ 1,682,468	\$ 6,739	\$ 2,778,589

See notes to financial statements  
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# **Village of North Fond du Lac**

Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater	Stormwater	Nonmajor Enterprise Fund - Utility
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ 277,966	\$ 162,046	\$ (138,357)	\$ 301,655
Nonoperating revenue	3,261	-	78,392	81,653
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	174,944	135,203	59,506	369,653
Depreciation charged to other funds	18,291	(18,291)	-	-
Amortization	-	5,976	-	5,976
Changes in assets and liabilities:				
Accounts receivable	(8,563)	(22,354)	(86,139)	(117,056)
Due from other funds	2,711	11,110	287	14,106
Inventories	(5,487)	-	-	(5,487)
Accounts payable	1,050	20,085	(3,158)	17,977
Accrued compensated absences	2,098	2,174	636	4,908
Other current liabilities	615	400	717	1,732
Pension related amounts	2,801	1,258	(170)	3,889
Net cash flows from operating activities	\$ 459,687	\$ 297,607	\$ (88,286)	\$ 679,008
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds</b>				
Cash and investments	\$ 704,057	\$ 1,438,150	\$ 6,739	\$ 2,148,946
Restricted cash and investments:				
Current restricted cash	49,221	38,726	-	87,947
Noncurrent restricted cash	336,104	205,592	-	541,696
Cash and cash equivalents	\$ 1,089,382	\$ 1,682,468	\$ 6,739	\$ 2,778,589
<b>Noncash Capital and Related Financing Activities</b>				
Amortization of investment in Fond du Lac treatment facility	\$ -	\$ 5,976	\$ -	\$ -

See notes to financial statements  
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**Village of North Fond du Lac**

Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2020

<b>Assets</b>	
Cash and investments	
Taxes receivable	
Total assets	
<b>Liabilities</b>	
Due to other taxing units	
Total liabilities	
<b>Net Position</b>	
Total net position	

<b>Custodial Fund</b>
<b>Tax Collection Fund</b>
\$ 1,473,393
1,722,602
3,195,995
3,195,995
3,195,995
3,195,995
\$ -

**Village of North Fond du Lac**

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year Ended December 31, 2020

<b>Additions</b>	
Property taxes collected for other governments	
Total additions	
<b>Deductions</b>	
Property taxes distributed to other governments	
Total deductions	
Change in fiduciary net position	
<b>Net Position, Beginning</b>	
<b>Net Position, Ending</b>	

<b>Custodial Fund</b>
\$ 2,363,076
2,363,076
2,363,076
2,363,076
-
-
\$ -

## Village of North Fond du Lac

Index to Notes to Financial Statements  
December 31, 2020

## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

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<b>1. Summary of Significant Accounting Policies</b>	<b>Page</b>
The accounting policies of the Village of North Fond du Lac, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).	

### Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists. (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

### Discretely Presented Component Unit

#### Community Development Authority

The government-wide financial statements include the 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 president. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the CDA, and also create a potential financial benefit to or burden on the Village. See Note 3. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2020. The CDA does not issue separate financial statements.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

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

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

#### Fund Financial Statements

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

Funds are organized as major funds or nonmajor 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:

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

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

The Village reports the following major governmental funds:

#### General Fund

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

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Special Revenue Funds

Ambulance Special Revenue Fund - accounts for resources legally restricted to supporting expenditures for the EMS program.

#### Debt Service Funds

General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

#### Capital Projects Funds

General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the General Capital Projects program.

Tax Incremental District (TID) No. 1 Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

#### Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system  
Wastewater Utility accounts for operations of the wastewater system

The Village reports the following nonmajor governmental and enterprise funds:

#### Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Revolving Loan Fund  
Library Fund  
Outdoor Recreation Fund

#### Capital Projects Funds

Capital Projects Fund are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Incremental Financing (TIF) District  
No.2

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Enterprise Funds

Enterprise Fund are used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Stormwater utility

In addition, the Village reports the following fund type:

### Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### Government-Wide Financial Statements

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

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

#### Fund Financial Statements

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

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

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held by the County are reported as receivables and unavailable revenues. At December 31, 2020, there were \$512,804 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

### Proprietary and Fiduciary Funds

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and stormwater utility funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. 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 nonoperating revenues and expenses.

### All Financial Statements

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

#### Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank or trust company.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest rate risk is the risk that the market value of the securities will fall due to changes in market interest rates. The Village's policy states that the portfolio is to be structured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. In addition, funds are to be invested in shorter-term securities, money market mutual funds, or similar investment pools that limit the average maturity of the portfolio.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3. for further information.

### Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater, and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The Village has received federal and state grant funds for housing rehabilitation loan programs to various businesses and individuals. The Village records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$10,273.

It is the Village's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

### Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Restricted Assets

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

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings	10 - 55 Years
Land Improvements	15 - 50 Years
Machinery and Equipment	5 - 20 Years
Utility System	4 - 100 Years
Infrastructure	20 - 50 Years

### Fund Financial Statements

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

### Other Assets

The General Fund is reporting assets held for resale in the amount of \$18,136. This is to account for property purchased by the Village for future development. TIF District No. 1 is reporting assets held for resale in the amount of \$493,232. This is to account for property purchased by the district for future development. In addition, the water utility fund is reporting \$926,232 for property held for future needs of the utility.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Deferred Outflows of Resources

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

### Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

### Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

### Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

### Equity Classifications

#### Government-Wide Statements

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

- Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

- 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 positions that do not meet the definitions of restricted or net investment in capital assets.

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

### Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances 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. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

The Village has a formal fund balance policy. The balance requirements for the general fund are that the unassigned fund balance shall be maintained as of December 31 of each year equal to a minimum of 30 percent of the ensuing year's budget and general fund expenditures, with a targeted maximum of 40 percent. Any amount over the 40 percent targeted maximum may be assigned by management and the Village board for future capital and/or infrastructure needs.

See Note 3, for further information.

### Pension

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

### Basis for Existing Rates

#### Water Utility

Current water rates were approved by the PSCW on January 1, 2016.

#### Wastewater Utility

Current wastewater rates were approved by the Village board effective January 1, 2016.

#### Stormwater Utility

Current stormwater rates were approved by the Village board on January 1, 2007.

## 2. Stewardship, Compliance and Accountability

### Budgetary Information

A budget has been adopted for the general fund, ambulance, library and outdoor recreation special revenue funds, debt service fund, general capital projects fund, TIF District No. 1 and No. 2 capital project funds and the proprietary funds. A budget has not been formally adopted for the revolving loan special revenue fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

### Excess Expenditures and Other Financing Uses Over Appropriations

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF District No. 2	\$ 17,690	\$ 368,658	\$ 350,968
Debt Service Fund	666,278	678,511	12,233

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.



**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020**Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2020, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 2	\$ 303,376	Development and debt expenditures in excess of revenues and other financing sources

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

The Ambulance Fund deficit will be funded with future levies and charges for services.

**Limitations on the Village's Tax Levy**

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**3. Detailed Notes on All Funds****Deposits and Investments**

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the Village's funds.

**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020

The Village's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 2,577,120	\$ 2,706,586	Custodial credit risk
LGIP	4,507,929	4,507,929	Credit risk
Petty cash	2,559	-	N/A
Total deposits and investments	\$ 7,087,608	\$ 7,214,515	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,984,572		
Restricted cash and investments	629,643		
Per statement of net position, fiduciary funds			
Tax Collection Fund	1,473,393		
Total deposits and investments	\$ 7,087,608		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Village maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$2,450,351 to secure the Village's deposits.

In addition, the Village holds a \$1,700,000 letter of credit to secure Village deposits at a bank.

**Custodial Credit Risk****Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

The Village does not have any deposits exposed to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1. for further information on deposit and investment policies.

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Receivables**

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$7,310 in delinquent personal property taxes, an undeterminable portion of the ambulance amounts, \$105,213 in special assessments not yet due, and \$385,549 of the loans.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,116,044	\$ -
Special assessments not yet due	-	131,517
Deferred payment loans	-	1,126
Deferred interest on advances	-	21,645
Deferred School Resource Officer	-	44,384
Total unearned/unavailable revenue for governmental funds	<u>\$ 2,116,044</u>	<u>\$ 198,672</u>

For economic development loans, the Village is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2020, the Village has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

## **Restricted Assets**

The following represent the balances of the restricted assets:

### **Long-Term Debt Accounts**

*Redemption* - Used to segregate resources accumulated for debt service payments over the next twelve months.

*Reserve* - Used to report resources set aside to make up potential future deficiencies in the redemption account.

*Depreciation* - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

### **Equipment Replacement Account**

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Net Pension Asset**

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2020:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 87,947	\$ -	\$ 87,947
Bond reserve account	284,990	6,120	278,870
Bond depreciation account	51,114	-	51,114
Equipment replacement account	205,592	-	205,592
Net pension asset	633,013	-	633,013
Total	<u>\$ 1,262,656</u>	<u>\$ 6,120</u>	<u>\$ 1,256,536</u>

## **Capital Assets**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,224,775	\$ -	\$ -	\$ 2,224,775
Construction in progress	-	256,054	-	256,054
Total capital assets not being depreciated	<u>2,224,775</u>	<u>256,054</u>	<u>-</u>	<u>2,480,829</u>
Capital assets being depreciated:				
Land improvements	275,506	-	-	275,506
Buildings	2,706,432	-	-	2,706,432
Machinery and equipment	3,808,685	93,595	14,096	3,888,184
Infrastructure	3,790,765	-	-	3,790,765
Total capital assets being depreciated	<u>10,581,388</u>	<u>93,595</u>	<u>14,096</u>	<u>10,660,887</u>
Total capital assets	<u>12,806,163</u>	<u>349,649</u>	<u>14,096</u>	<u>13,141,716</u>
Less accumulated depreciation for:				
Land improvements	(67,146)	(8,409)	-	(75,555)
Buildings	(1,920,892)	(77,559)	-	(1,998,451)
Machinery and equipment	(2,328,598)	(198,002)	14,096	(2,512,504)
Infrastructure	(1,680,900)	(154,344)	-	(1,835,244)
Total accumulated depreciation	<u>(5,997,536)</u>	<u>(438,314)</u>	<u>14,096</u>	<u>(6,421,754)</u>
Net capital assets being depreciated	<u>4,583,852</u>	<u>(344,719)</u>	<u>-</u>	<u>4,239,133</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 6,808,627</u>	<u>\$ (88,665)</u>	<u>\$ -</u>	<u>\$ 6,719,962</u>

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>				
General government	\$	40,076		
Public safety		117,819		
Public works, which includes depreciation of infrastructure		252,224		
Culture, education, and recreation		28,195		
Total governmental activities depreciation expense	\$	438,314		
<b>Business-Type Activities</b>				
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 42,797	\$ -	\$ -	\$ 42,797
Total capital assets not being depreciated	42,797	-	-	42,797
Capital assets being depreciated:				
Source of supply	131,289	-	-	131,289
Pumping	660,894	8,834	3,000	666,728
Water treatment	48,168	22,489	1,500	70,157
Transmission and distribution	6,350,318	251,575	34,832	6,567,061
General	209,537	-	-	209,537
Total capital assets being depreciated	7,401,206	282,898	39,332	7,644,772
Total capital assets	7,444,003	282,898	39,332	7,687,569
Less accumulated depreciation for:				
Water	(2,803,182)	(193,235)	40,782	(2,955,635)
Total accumulated depreciation	(2,803,182)	(193,235)	40,782	(2,955,635)
Net capital assets being depreciated	4,598,024	89,663	(1,450)	4,689,137
Net water capital assets	\$ 4,640,821	\$ 89,663	\$ (1,450)	\$ 4,731,934

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>				
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Wastewater</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 6,074	\$ -	\$ -	\$ 6,074
Total capital assets not being depreciated	6,074	-	-	6,074
Capital assets being depreciated:				
Collection system	8,313,236	217,736	15,699	8,515,273
General	236,323	-	-	236,323
Total capital assets being depreciated	8,549,559	217,736	15,699	8,751,596
Total capital assets	8,555,633	217,736	15,699	8,757,670
Less accumulated depreciation for:				
Wastewater	(2,402,091)	(116,912)	15,699	(2,503,304)
Total accumulated depreciation	(2,402,091)	(116,912)	15,699	(2,503,304)
Net capital assets being depreciated	6,147,468	100,824	-	6,248,292
Net wastewater capital assets	\$ 6,153,542	\$ 100,824	\$ -	\$ 6,254,366
<b>Stormwater</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 206,074	\$ -	\$ -	\$ 206,074
Total capital assets not being depreciated	206,074	-	-	206,074
Capital assets being depreciated:				
Collecting system	734,317	237,173	-	971,490
Detention pond equipment	162,449	77,887	-	240,336
General	288,871	-	-	288,871
Total capital assets being depreciated	1,185,637	315,060	-	1,500,697
Total capital assets	1,391,711	315,060	-	1,706,771
Less accumulated depreciation for:				
Stormwater	(189,219)	(59,506)	3,100	(245,625)
Total accumulated depreciation	(189,219)	(59,506)	3,100	(245,625)
Net capital assets being depreciated	996,418	255,554	(3,100)	1,255,072
Net stormwater capital assets	\$ 1,202,492	\$ 255,554	\$ (3,100)	\$ 1,461,146
Business-type capital assets, net of accumulated depreciation	\$ 11,996,855	\$ 446,041	\$ (4,550)	\$ 12,447,446

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 174,944
Wastewater	135,203
Stormwater	59,506
Total business-type activities depreciation expense	\$ 369,653



**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

**Interfund Receivables/Payables, Advances and Transfers****Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water utility	General fund	\$ 4,979
Wastewater utility	General fund	9,213
Stormwater utility	General fund	943
Total, fund financial statements		<u>15,135</u>
Total internal balances, government-wide statement of net position		<u>\$ 15,135</u>

All amounts are due within one year.

The principal purpose of these interfunds is to account for delinquent utility charges put on the tax roll. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Advances**

The general fund is advancing funds to the TIF District No. 2 capital projects fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the creation of TIF District No. 2. The general fund is charging the TID interest on the advance based on the average outstanding advance balance during the year at a rate of .50 percent. \$21,646 of interest is included in the advances and is recorded as unavailable revenue until it is collected. No repayment schedule has been established.

The general fund is also advancing funds to the Ambulance fund in an amount equal to the cash deficit. Interest is not being charged and a repayment schedule has not been established.

**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020

The principal purpose of the advance to TIF District No. 2 is to finance costs related to the creation of the district, and subsequent capital outlay since its creation that were in excess of bond proceeds and increment available. TIF District No. 2 increased the advance by \$184,443 during 2020.

**Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 142,521	Payment in lieu of taxes
General fund	Wastewater utility	78,234	Payment in lieu of taxes
TIF District No. 2	TIF District No. 1	<u>184,232</u>	Tax increment sharing
Total, fund financial statements		404,987	
Less fund eliminations		<u>(184,232)</u>	
Total transfers, government-wide statement of activities		<u>\$ 220,755</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 5,060,000	\$ -	\$ 935,000	\$ 4,125,000	\$ 935,000
General obligation notes from direct borrowings and direct placements	350,382	-	83,234	267,148	85,971
Premiums	75,481	-	8,387	67,094	-
Subtotal	5,485,863	-	1,026,621	4,459,242	1,020,971
Other liabilities:					
Vested compensated absences	244,765	210,916	176,423	279,258	199,972
Capital leases	235,500	-	235,500	-	-
Total other liabilities	480,265	210,916	411,923	279,258	199,972
Total governmental activities long-term liabilities	\$ 5,966,128	\$ 210,916	\$ 1,438,544	\$ 4,738,500	\$ 1,220,943
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 400,000	\$ -	\$ 155,000	\$ 245,000	\$ 155,000
Revenue bonds	740,000	-	60,000	680,000	65,000
Revenue bonds from direct borrowings and direct	107,285	-	52,915	54,370	54,370
Subtotal	1,247,285	-	267,915	979,370	274,370
Other liabilities:					
Vested compensated absences	47,610	37,956	35,872	49,694	33,048
Total other liabilities	47,610	37,956	35,872	49,694	33,048
Total business-type activities long-term liabilities	\$ 1,294,895	\$ 37,956	\$ 303,787	\$ 1,029,064	\$ 307,418

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2020, was \$11,220,960. Total general obligation debt outstanding at year-end was \$4,637,148.

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments 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.

<b>Governmental Activities</b>									
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020				
General obligation promissory notes	10/24/2012	12/01/2021	0.40 - 1.70%	\$ 3,040,000	\$ 670,000				
State Trust Fund Loan	11/20/2013	03/15/2023	3.25	657,990	267,148				
General obligation promissory notes	12/01/2015	12/01/2025	1.25 - 2.30	1,190,000	880,000				
General obligation promissory notes	12/17/2017	12/01/2026	1.9874	1,320,000	1,125,000				
General obligation promissory notes	11/21/2019	12/01/2028	2.00 - 3.00	1,450,000	1,450,000				
Total governmental activities, general obligation debt					\$ 4,392,148				
<b>Business-Type Activities</b>									
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020				
General obligation promissory notes	10/24/2012	12/01/2021	0.40 - 1.70%	\$ 895,000	\$ 140,000				
General obligation promissory notes	12/17/2017	12/01/2026	1.9874	135,000	105,000				
Total business-type activities, general obligation debt					\$ 245,000				

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-Type Activities	
	General Obligation Debt	Interest	General Obligation Debt	Interest
	Principal		Principal	
2021	\$ 935,000	\$ 89,520	\$ 155,000	\$ 4,352
2022	540,000	73,990	15,000	874
2023	625,000	62,658	15,000	750
2024	600,000	48,168	60,000	1,260
2025-2028	1,425,000	64,462	-	-
Total	\$ 4,125,000	\$ 338,798	\$ 245,000	\$ 7,236

Years	Governmental Activities		Business-Type Activities	
	Notes from Direct Borrowings and Direct Placements	Interest	Notes from Direct Borrowings and Direct Placements	Interest
	Principal		Principal	
2021	\$ 85,971	\$ 8,682		
2022	88,765	5,888		
2023	92,412	3,003		
Total	\$ 267,148	\$ 17,573		

**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and wastewater systems.

The water utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 1999 and refinanced in 2008 and 2009. Proceeds from the bonds provided financing for the construction of capital assets/infrastructure. The bonds are payable solely from customer revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 20.77 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$852,441. Principal and interest paid for the current year and total customer net revenues were \$96,606 and \$436,112, respectively.

The wastewater utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2001. Proceeds from the bonds provided financing for the construction of capital assets/infrastructure. The bonds are payable solely from customer revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require 18.49 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$55,118. Principal and interest paid for the current year and total customer net revenues were \$55,138 and \$298,018, respectively.

Revenue debt payable at December 31, 2020, consists of the following:

**Business-Type Activities Revenue Debt**

<u>Water Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Revenue bonds	11/24/2009	05/01/2029	2.20 - 5.45%	\$ 1,240,000	\$ 680,000
				Total Water Utility	680,000
<u>Wastewater Utility</u>					
Revenue bonds	10/15/2001	05/01/2021	2.75%	850,671	54,370
				Total Wastewater Utility	54,370
					<u>\$ 734,370</u>

Total business-type activities, revenue debt

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 65,000	\$ 33,731
2022	65,000	30,611
2023	70,000	27,236
2024	70,000	23,683
2025-2029	410,000	57,180
Total	<u>\$ 680,000</u>	<u>\$ 172,441</u>

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**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020

<u>Year</u>	<u>Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 54,370	\$ 748
Total	<u>\$ 54,370</u>	<u>\$ 748</u>

**Other Debt Information**

Estimated payments of accumulated employee benefits and land leases are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund. The capital lease will be paid from future tax increments.

The Village's outstanding State Trust Fund Loan from direct borrowings related to governmental activities contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the Village.

**Bond Covenant Disclosures****Insurance**

The utility is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**Debt Coverage - Water Utility**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2020 as follows:

Operating revenues	\$ 984,968
Investment income	3,202
Less operation and maintenance expenses	<u>(532,058)</u>
Net defined earnings	<u>\$ 456,112</u>

Minimum Required Earnings per Resolution:

Annual debt service	\$ 166,156
Coverage factor	<u>1.25</u>

Minimum required earnings

	<u>\$ 207,695</u>
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Actual Debt Coverage

	<u>2.75</u>
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# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Debt Coverage - Wastewater Utility**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met as follows:

Operating revenues	\$ 1,496,409
Investment income	769
Less operation and maintenance expenses	<u>(1,199,160)</u>
Net defined earnings	\$ <u>298,018</u>
Minimum Required Earnings per Resolution:	
Annual debt service	\$ 55,138
Coverage factor	<u>1.10</u>
Minimum required earnings	\$ <u>60,652</u>
Actual Debt Coverage	<u>5.40</u>

## **Net Position/Fund Balances**

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

### **Governmental Activities**

Net investment in capital assets:	
Land	\$ 2,224,775
Construction in progress	256,054
Other capital assets, net of accumulated depreciation	4,239,133
Less long-term debt outstanding	<u>(4,392,148)</u>
Plus noncapital debt proceeds	267,147
Less unamortized debt premium	<u>(67,094)</u>
Add unspent bond proceeds	<u>87,165</u>
Total net investment in capital assets	\$ <u>2,615,032</u>

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

<b>Fund Balances</b>	<b>General Fund</b>	<b>Ambulance Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>TIF District No. 1</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>Nonspendable:</b>							
Prepaid items	\$ 18,288	\$ 3,701	\$ -	\$ -	\$ -	\$ 1,602	\$ 23,591
Land held for resale	18,136	-	-	-	-	-	18,136
Long-term receivables	679,633	-	-	-	-	-	679,633
Delinquent personal property taxes	7,310	-	-	-	-	-	7,310
Delinquent special assessments	4,577	-	-	-	-	-	4,577
Subtotal	<u>727,944</u>	<u>3,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602</u>	<u>733,247</u>
<b>Restricted for:</b>							
Debt service	-	-	103,480	-	-	-	103,480
Library	-	-	-	-	-	58,452	58,452
Loans	-	-	-	-	-	429,523	429,523
TIF purposes	-	-	-	-	493,232	-	493,232
Capital projects	-	-	-	87,164	-	-	87,164
Subtotal	<u>-</u>	<u>-</u>	<u>103,480</u>	<u>87,164</u>	<u>493,232</u>	<u>487,975</u>	<u>1,171,851</u>
<b>Committed to:</b>							
Outdoor recreation	-	-	-	-	-	60,029	60,029
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,029</u>	<u>60,029</u>
<b>Assigned to:</b>							
Capital improvements	208,582	-	-	-	-	-	208,582
Fire department	13,545	-	-	-	-	-	13,545
Police equipment	371	-	-	-	-	-	371
Police training	10,169	-	-	-	-	-	10,169
Subsequent year's expenditures	173,735	-	-	-	-	-	173,735
Utility payment in lieu of taxes	220,755	-	-	-	-	-	220,755
Community services	451	-	-	-	-	-	451
Canine unit	1,067	-	-	-	-	-	1,067
DARE	2,066	-	-	-	-	-	2,066
Crime prevention	4,275	-	-	-	-	-	4,275
Terrace tree program	7,995	-	-	-	-	-	7,995
Veteran's memorial	-	-	-	207	-	-	207
Parkland	-	-	-	594	-	-	594
Library building	-	-	-	69,570	-	-	69,570
Swimming pool	-	-	-	16,059	-	-	16,059
Yellowstone park	-	-	-	785	-	-	785
Capital projects	-	-	-	106,781	-	-	106,781
Village park	-	-	-	503	-	-	503
Subtotal	<u>643,011</u>	<u>-</u>	<u>-</u>	<u>194,499</u>	<u>-</u>	<u>-</u>	<u>837,510</u>
<b>Unassigned (deficit):</b>	<u>1,461,511</u>	<u>(247,261)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,376)</u>	<u>910,874</u>
Total fund balances (deficit)	<u>\$ 2,832,466</u>	<u>\$ (243,560)</u>	<u>\$ 103,480</u>	<u>\$ 281,663</u>	<u>\$ 493,232</u>	<u>\$ 246,230</u>	<u>\$ 3,713,511</u>

**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020**Business-Type Activities**

Net investment in capital assets:	
Land	\$ 254,945
Other capital assets, net of accumulated depreciation	12,192,501
Less long-term debt outstanding	<u>(979,370)</u>
Total net investment in capital assets	<u>\$ 11,468,076</u>

**Component Unit****Community Development Authority**

This report contains the Community Development Authority (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

**a. Basis of Accounting/Measurement Focus**

The CDA follows the modified accrual basis of accounting and the flow of financial resources measurement focus.

**b. Deposits and Investments**

	<b>Carrying Value</b>	<b>Statement Balances</b>	<b>Associated Risks</b>
Deposits	\$ 21,120	\$ 21,120	Custodial credit risk
LGIP	<u>3,110</u>	<u>3,110</u>	Credit risk
Total deposits and investments	<u>\$ 24,230</u>	<u>\$ 24,230</u>	

**Custodial Credit Risk****Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the CDA's deposits may not be returned to the CDA.

The CDA does not have any deposits exposed to custodial credit risk.

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The CDA does not have any investments exposed to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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**Village of North Fond du Lac**Notes to Financial Statements  
December 31, 2020

The CDA had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1, for further information on deposit and investment policies.

**4. Other Information****Employees' Retirement System****Plan Description**

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours 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, 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 (64 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **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
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$202,589 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2020 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

## **Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, the Village reported an asset of \$633,013 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 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, 2019, the Village's proportion was 0.01963162 percent, which was an increase of 0.00035748 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$223,333.

At December 31, 2020, 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	\$ 1,201,603	\$ 601,322
Changes in assumptions	49,328	-
Net differences between projected and actual earnings on pension plan investments	-	1,294,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,140	7,329
Employer contributions subsequent to the measurement date	219,176	-
Total	\$ 1,471,247	\$ 1,902,754



# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

\$219,176 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2021	\$ (194,256)
2022	(143,998)
2023	20,866
2024	(333,295)

## **Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

# **Village of North Fond du Lac**

Notes to Financial Statements  
December 31, 2020

## **Long-Term Expected Return on Plan Assets**

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

## **Single Discount Rate**

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 North Fond du Lac

Notes to Financial Statements  
December 31, 2020

### Sensitivity of the Village's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
\$ 1,630,121	\$ (633,013)	\$ (2,324,966)

Village's proportionate share of the net pension liability (asset)

### Pension Plan Fiduciary Net Position

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

At December 31, 2020, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these 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. There were no significant reductions in coverage compared to the prior year.

### Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

### Joint Ventures

#### Joint Municipal Court

The Village jointly operates the local municipal court, which is called the Lakeside Municipal Court and provides noncriminal citation processing.

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## Village of North Fond du Lac

Notes to Financial Statements  
December 31, 2020

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2020 is available directly from the municipal court in North Fond du Lac, Wisconsin.

The Village of North Fond du Lac does not have an equity interest in the organization. The Village accounts for its share of the operations in the general fund.

### Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, Leases
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription-Based Information Technology Arrangements
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

When they become effective, application of these standards may restate portions of these financial statements.

### Long-Term Agreements

In 1999, the wastewater utility entered into a long-term agreement with the Fond du Lac Treatment Facility for wastewater treatment. This contract expired in 2020.

In 1997, the water utility entered into a long-term agreement with the Town of Fond du Lac (town) to provide municipal water service to portions of the town. This agreement was subsequently amended in July 2009 to reflect a capital upgrade to the existing water utility which will provide improved fire flows and to meet the water supply needs of the town.

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# **Village of North Fond du Lac**

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
<b>Taxes</b>			
General property taxes	\$ 607,515	\$ 607,515	\$ -
Mobile home taxes	151,000	144,591	(6,409)
Taxes in lieu of, other	39,000	38,740	(260)
<b>Total taxes</b>	<b>797,515</b>	<b>790,846</b>	<b>(6,669)</b>
<b>Intergovernmental Revenues</b>			
State shared revenues	1,407,219	1,407,108	(111)
State expenditure restraint	48,124	48,124	-
Fire insurance tax (2% fire dues)	9,264	9,296	32
State aid, recycling	16,373	16,372	(1)
State aid, exempt computer aid	3,059	3,777	718
State aid, law enforcement	750	12,867	12,117
State aid, connecting streets	307,129	306,713	(416)
State aid, school resource officer	43,000	-	(43,000)
Federal aid, routes to recovery	-	66,398	66,398
Other	-	3,125	3,125
<b>Total intergovernmental revenues</b>	<b>1,834,918</b>	<b>1,873,780</b>	<b>38,862</b>
<b>Licenses and Permits</b>			
Liquor and malt beverage licenses	5,500	4,955	(545)
Cigarette licenses	300	400	100
Soda licenses	40	40	-
Mobile home park licenses	1,000	950	(50)
Bicycle licenses	40	30	(10)
Dog and cat licenses	5,100	4,810	(290)
Other nonbusiness licenses	50	25	(25)
Building permits	18,000	34,030	16,030
Electrical permits	5,000	8,656	3,656
Plumbing permits	4,500	7,629	3,129
Heating and air conditioning permits	3,500	7,009	3,509
Other regulatory permits and fees	1,050	685	(365)
<b>Total licenses and permits</b>	<b>44,080</b>	<b>69,219</b>	<b>25,139</b>
<b>Fines, Forfeitures and Penalties</b>			
Court penalties and costs	342,550	252,096	(90,454)
Parking violations	9,500	7,660	(1,840)
<b>Total fines, forfeitures and penalties</b>	<b>352,050</b>	<b>259,756</b>	<b>(92,294)</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**

See notes to required supplementary information  
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# **Village of North Fond du Lac**

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>Public Charges for Services</b>			
Clerk's fees	\$ 7,000	\$ 10,748	\$ 3,748
Publication fees	750	502	(248)
Law enforcement fees	950	820	(130)
Other transportation	1,700	799	(901)
Refuse and garbage collection	37,400	36,301	(1,099)
Weed and nuisance control	500	925	425
Park rental	2,700	870	(1,830)
Swimming areas	33,100	-	(33,100)
Cable television	70,000	60,362	(9,638)
Community center	12,500	2,928	(9,572)
Trees	600	1,750	1,150
Total public charges for services	167,200	116,005	(51,195)
<b>Special Assessments</b>			
Street improvements	-	6,329	6,329
Sidewalk	-	1,181	1,181
Other	-	496	496
Total special assessments	-	8,006	8,006
<b>Investment Income</b>			
Interest on investments	75,000	28,951	(46,049)
<b>Miscellaneous Revenues</b>			
Rent	28,000	28,000	-
Donations	250	5,608	5,358
Insurance dividends	12,000	25,989	13,989
Other miscellaneous	1,330	1,262	(68)
Total miscellaneous revenues	41,580	60,859	19,279
Total revenues	3,312,343	3,207,422	(104,921)

See notes to required supplementary information  
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# **Village of North Fond du Lac**

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2020

Expenditures	Original and Final Budget	Actual	Variance with Final Budget
<b>General Government</b>	\$ 21,959	\$ 21,036	\$ 923
Village board			
Administrative Services:			
Municipal court	261,974	217,923	44,051
Legal	20,000	11,513	8,487
General administration	135,443	158,618	(23,175)
Employee benefit administration	72,250	57,713	14,537
Financial administration	141,743	115,663	26,080
Risk management	165,927	39,450	126,477
Facilities Management:			
Municipal building	51,512	56,479	(4,967)
Community center	24,636	19,257	5,379
Parks and playgrounds	41,363	58,714	(17,351)
Swimming pool	48,390	20,236	28,154
Total general government	985,197	776,602	208,595
<b>Public Safety</b>			
Police	1,280,180	1,117,495	162,685
Fire protection	133,494	119,278	14,216
Inspection	69,610	75,043	(5,433)
Total public safety	1,483,284	1,311,816	171,468
<b>Health and Social Services</b>			
Vermion control	875	901	(26)
Animal control	1,000	1,155	(155)
Sanitation	2,460	1,083	1,377
Total health and social services	4,335	3,139	1,196
<b>Public Works</b>			
Garages	23,318	20,101	3,217
Public works administration	313,743	258,829	54,914
Vehicle equipment operation	125,310	138,553	(13,243)
Streets	270,425	282,940	7,485
Sanitation	154,282	155,736	(1,454)
Recycling	67,000	66,372	628
Mass transit	44,311	46,216	(1,905)
Weed control	2,306	1,411	895
Sidewalks	2,742	145	2,597
Total public works	1,003,437	950,303	53,134
<b>Culture, Recreation and Education</b>			
Parks	1,568	1,617	(49)
Community center	1,847	3,370	(1,523)
Swimming areas	58,106	6,798	51,308
Total culture, recreation and education	61,521	11,785	49,736

See notes to required supplementary information  
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# Village of North Fond du Lac

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>Conservation and Development</b>			
Planning and zoning	\$ 45,475	\$ 41,554	\$ 3,921
Economic development	18,397	13,753	4,644
Total conservation and development	63,872	55,307	8,565
Total expenditures	3,601,646	3,108,952	492,694
Excess (deficiency) of revenues over (under) expenditures	(289,303)	98,470	387,773
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	5,500	1,819	(3,681)
Transfers in	226,000	220,755	(5,245)
Total other financing sources	231,500	222,574	(8,926)
Net change in fund balance	(57,803)	321,044	378,847
<b>Fund Balance, Beginning</b>	2,511,422	2,511,422	-
<b>Fund Balance, Ending</b>	\$ 2,453,619	\$ 2,832,466	\$ 378,847

See notes to required supplementary information  
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# Village of North Fond du Lac

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Ambulance Fund  
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
<b>Taxes</b>			
General property taxes	\$ 135,928	\$ 135,928	\$ -
Total taxes	135,928	135,928	-
<b>Intergovernmental</b>			
State grants	3,931	7,603	3,672
State aid, emergency government	8,928	12,577	3,649
Other local government grants	200,272	202,391	2,119
Other federal payments	-	27,222	27,222
Total intergovernmental	213,131	249,793	36,662
<b>Public Charges for Services</b>			
Ambulance fees	680,000	999,169	319,169
Total revenues	1,029,059	1,384,890	355,831
<b>Expenditures</b>			
Current:			
Public safety	1,059,094	1,398,668	(339,574)
Total expenditures	1,059,094	1,398,668	(339,574)
Net change in fund balance	(30,035)	(13,778)	16,257
<b>Fund Balance (Deficit), Beginning</b>	(229,782)	(229,782)	-
<b>Fund Balance (Deficit), Ending</b>	\$ (259,817)	\$ (243,560)	\$ 16,257

See notes to required supplementary information  
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# Village of North Fond Du Lac

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2020

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			Covered Payroll	Percentage of Covered Payroll	
12/31/20	0.01963162%	\$ (633,013)	\$ 2,402,170	26.35%	102.96%
12/31/19	0.01927414%	685,713	2,445,066	28.04%	96.45%
12/31/18	0.01826898%	(542,427)	2,305,967	23.52%	102.93%
12/31/17	0.01783499%	147,003	2,230,382	6.59%	99.12%
12/31/16	0.01738680%	282,532	2,101,062	13.45%	98.20%
12/31/15	0.00177806%	(436,741)	2,140,635	20.40%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2020

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
		Contractually Required Contributions	Contributions		Covered Payroll	Percentage of Covered Payroll
12/31/20	\$ 219,176	\$ 219,176	\$ -	\$ -	2,418,655	9.06%
12/31/19	202,589	202,589	-	-	2,402,170	8.43%
12/31/18	208,313	208,313	-	-	2,445,066	8.52%
12/31/17	193,810	193,810	-	-	2,305,966	8.40%
12/31/16	169,433	169,433	-	-	2,230,382	7.60%
12/31/15	166,716	166,716	-	-	2,146,883	7.77%

See notes to the required supplementary information  
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# Village of North Fond du Lac

Notes to Required Supplementary Information  
Year Ended December 31, 2020

## Budgetary Information

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

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action. Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

## Wisconsin Retirement System

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

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* No significant change in assumptions were noted from the prior year.

**Village of North Fond du Lac**

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Revolving Loan	Library Fund	Outdoor Rec	TIF District No. 2		
<b>Assets</b>						
Cash and investments	\$ 43,974	\$ 66,663	\$ 60,029	\$ -	\$ -	\$ 170,666
Receivables:						
Taxes receivable	-	150,133	-	-	-	150,133
Loans receivable	385,549	-	-	-	-	385,549
Prepaid items	-	1,602	-	-	-	1,602
Total assets	\$ 429,523	\$ 218,398	\$ 60,029	\$ -	\$ -	\$ 707,950
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 3,548	\$ -	\$ -	\$ -	\$ 3,548
Accrued liabilities	-	4,663	-	-	-	4,663
Advances from other funds	-	-	-	303,376	-	303,376
Total liabilities	-	8,211	-	303,376	-	311,587
<b>Deferred Inflows of Resources</b>						
Unearned revenues	-	150,133	-	-	-	150,133
Total deferred inflows of resources	-	150,133	-	-	-	150,133
<b>Fund Balances</b>						
Nonspendable	-	1,602	-	-	-	1,602
Restricted	429,523	58,452	-	-	-	487,975
Committed	-	-	60,029	-	-	60,029
Unassigned (deficit)	-	-	-	(303,376)	-	(303,376)
Total fund balances	429,523	60,054	60,029	(303,376)	-	246,230
Total liabilities, deferred inflows of resources and fund balances	\$ 429,523	\$ 218,398	\$ 60,029	\$ -	\$ -	\$ 707,950

**SUPPLEMENTARY INFORMATION**

# **Village of North Fond du Lac**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Revolving Loan	Library Fund	Outdoor Rec	TIF District No. 2	
<b>Revenues</b>					
Taxes	\$ -	\$ 147,914	\$ -	\$ -	\$ 147,914
Intergovernmental	-	66,978	-	-	66,978
Public charges for services	-	1,189	350	-	1,539
Investment income	3	269	-	-	272
Miscellaneous revenues	-	2,013	1,200	-	3,213
Total revenues	3	218,363	1,550	-	219,916
<b>Expenditures</b>					
Current:					
General government	-	-	-	5,956	5,956
Culture, recreation and education	-	205,383	641	-	206,024
Conservation and development	6,980	-	-	-	6,980
Capital outlay	-	-	-	359	359
Debt service:					
Principal	-	-	-	350,000	350,000
Interest and fiscal charges	-	-	-	12,343	12,343
Total expenditures	6,980	205,383	641	368,658	581,662
Excess (deficiency) of revenues over expenditures	(6,977)	12,980	909	(368,658)	(361,746)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	184,232	184,232
Total other financing sources (uses)	-	-	-	184,232	184,232
Net change in fund balances	(6,977)	12,980	909	(184,426)	(177,514)
<b>Fund Balances (Deficit), Beginning</b>	436,500	47,074	59,120	(118,950)	423,744
<b>Fund Balances (Deficit), Ending</b>	\$ 429,523	\$ 60,054	\$ 60,029	\$ (303,376)	\$ 246,230

# **Village of North Fond du Lac**

Statement of Net Position and Governmental Fund Balance Sheet - Component Unit  
 December 31, 2020

	Community Development Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and investments	\$ 24,230	\$ -	\$ 24,230
Total assets	\$ 24,230	\$ -	\$ 24,230
<b>Liabilities and Fund Balance/Net Position</b>			
Liabilities	-	-	-
Fund balance/net position:			
Fund balance:	\$ 24,230	\$ (24,230)	\$ -
Restricted for CDA activities			
Total fund balance	24,230	(24,230)	-
Total liabilities and fund balance	\$ 24,230		
Net position:			
Unrestricted		24,230	24,230
Total net position	\$ 24,230	\$ 24,230	\$ 24,230

**Village of North Fond Du Lac**

Statement of Activities and Governmental Fund Revenues, Expenditures/Expense and Changes in Fund Balance/Net Position - Component Unit  
Year Ended December 31, 2020

	Community Development Authority	Adjustments	Statement of Activities
<b>Expenditures/Expenses</b>			
Economic development	\$ 9,107	\$ -	\$ 9,107
Debt Service:			
Principal on lease revenue bonds	440,000	(440,000)	-
Interest and fiscal charges	8,381	12,844	21,225
Total expenditures/expenses	457,488	(427,156)	30,332
<b>General Revenues</b>			
Intergovernmental revenues not restricted to specific programs	243,881	(236,342)	7,539
Investment income	129	-	129
Total general revenues	244,010	(236,342)	7,668
Net change in fund balance	(213,478)	213,478	-
Change in net position	-	(22,664)	(22,664)
<b>Fund Balance/Net Position, Beginning</b>	237,708	(190,814)	46,894
<b>Fund Balance/Net Position, Ending</b>	\$ 24,230	\$ -	\$ 24,230

**FORM OF LEGAL OPINION**

(See following pages)



ATTORNEYS AT LAW

Telephone (414) 375-2630  
Fax (414) 375-2631LEGAL OPINION

We have served as bond counsel with regard to:

\$1,790,000  
VILLAGE OF NORTH FOND DU LAC  
FOND DU LAC COUNTY, WISCONSIN  
GENERAL OBLIGATION PROMISSORY NOTES  
DATED DECEMBER 29, 2021

We hereby certify that we have examined a transcript of proceedings of the Village Board of the Village of North Fond du Lac relative to the authorization, issuance and sale of the aforesaid Notes. We have also examined the law and such other documents furnished to us as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the transcript of proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered 1 and upward; are in the denomination of \$5,000 or any integral multiple thereof; bear interest at the rates set forth below; and mature serially on December 1 of each year, in the years and principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 80,000	—% —
2023	100,000	— —
2024	100,000	— —
2025	100,000	— —
2026	175,000	— —
2027	320,000	— —
2028	265,000	— —
2029	215,000	— —
2030	215,000	— —
2031	220,000	— —

Interest is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2022.

At the option of the Village, the Notes maturing on December 1, 2028, and thereafter are subject to redemption prior to maturity on December 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, from maturities selected by the Village and within

each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on our examinations, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Notes are valid and binding general obligations of the Village.
2. All taxable property in the territory of the Village is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. The Village is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent the necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.
3. The interest on the Notes is excludable from gross income for federal income tax purposes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Village has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the Notes may also be subject to the exercise of judicial discretion in appropriate cases.

GRIGGS LAW OFFICE LLC

### 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](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Village of North Fond du Lac, Fond du Lac County, Wisconsin (the “Issuer”) in connection with the issuance of \$1,790,000 General Obligation Promissory Notes, dated December 29, 2021 (the “Securities”). The Securities are being issued pursuant to a Resolution, dated December 6, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Securities 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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“National Repository” shall mean the Municipal Securities Rulemaking Board electronically through the Electronic Municipal Market Access system, available at [www.emma.msrb.org](http://www.emma.msrb.org), or such other website as may be determined from time to time by the Securities and Exchange Commission.

“Obligated Person” shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Securities.

“Participating Underwriter” shall mean any of the original underwriters of the Securities required to comply with the Rule in connection with the offering of the Securities.

“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 including any official interpretations thereof.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, not later than December 31 of each year, commencing December 31, 2022, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) Documents provided to the National Repository shall be accompanied by identifying information as prescribed by the National Repository.

(c) The Issuer shall determine each year prior to providing the Annual Report the electronic address of the National Repository.

(d) If the Issuer is unable or fails to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the National Repository in the format prescribed by the National Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The Issuer's audited financial statements. The financial statements will be prepared in accordance with Generally Accepted Accounting Principles. If audited financial statements are not available by December 31, unaudited financial information will be provided, and audited financial statements will be submitted to the National Repository when and if available.

(b) The Issuer's adopted Annual Budget.

Any or all of the items listed above may be incorporated by reference from documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the National Repository 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. (Currently located at 1300 I Street NW, Suite 1000, Washington, DC 20005 (202) 838-1500.) The Issuer shall clearly identify each document so incorporated by reference.

### Section 5. Reporting of "Listed" Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

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



- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(For the purposes of the event identified in subsection (a) (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.)

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information, within the meaning of the Rule, for holders or beneficial owners of the Securities, provided, that any event under subsection (a) (1), (3), (4), (5), (8) (tender offers only), (9), (11), (12) or (16) will always be deemed to be material.

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

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to

that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance

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

Date: December \_\_, 2021

VILLAGE OF NORTH FOND DU LAC  
FOND DU LAC COUNTY, WISCONSIN

By \_\_\_\_\_  
Nick Leonard,  
Village Clerk

(SEAL)

## **NOTICE OF SALE**

### **\$1,790,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A VILLAGE OF NORTH FOND DU LAC, WISCONSIN**

Bids for the purchase of \$1,790,000\* General Obligation Promissory Notes, Series 2021A (the "Notes") of the Village of North Fond Du Lac, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on December 6, 2021, 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 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

### **PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing facility improvements, park and street improvements, vehicle and equipment purchases and refunding certain obligations of the Village. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

### **DATES AND MATURITIES**

The Notes will be dated December 29, 2021, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$80,000	2026	\$175,000	2030	\$215,000
2023	100,000	2027	320,000	2031	220,000
2024	100,000	2028	265,000		
2025	100,000	2029	215,000		

### **ADJUSTMENT OPTION**

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

### **TERM BOND OPTION**

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

## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on June 1 and December 1 of each year, commencing December 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

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

## **PAYING AGENT**

The 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 Notes maturing on or after December 1, 2028 shall be subject to optional redemption prior to maturity on December 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes 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 Note to be redeemed at the address shown on the registration books.

## **DELIVERY**

On or about December 29, 2021, the Notes 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 Notes is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Notes 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 Notes and the exemption from federal taxation of the interest thereon will be furnished by Griggs Law Office LLC, Bond Counsel to the Village, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the Village; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## 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 of the Preliminary Official Statement).

## SUBMISSION OF BIDS

Bids must not be for less than \$1,772,100, nor more than \$1,951,100, plus accrued interest on the principal sum of \$1,790,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> 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 \$35,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the 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 Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

### **AWARD**

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The 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 Notes 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 Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the Village requested and received a rating on the Notes 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 Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

### **CUSIP NUMBERS**

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

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Village will designate the Notes 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 Notes. 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 Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the Village in establishing the issue price of the Notes 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 Notes, 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 Notes 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 Notes) will apply to the initial sale of the Notes (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 Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

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

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

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

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

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

The 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 Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

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

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

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the 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 Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the 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 Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

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



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

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

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

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://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

Nick Leonard, Administrator/Clerk  
Village of North Fond Du Lac, Wisconsin



# BID FORM

The Board of Trustees  
Village of North Fond Du Lac, Wisconsin

December 6, 2021

RE: **\$1,790,000\* General Obligation Promissory Notes, Series 2021A (the "Notes")**  
DATED: **December 29, 2021**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$1,772,100, nor more than \$1,951,100) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due 2022	_____ % due 2026	_____ % due 2030
_____ % due 2023	_____ % due 2027	_____ % due 2031
_____ % due 2024	_____ % due 2028	
_____ % due 2025	_____ % due 2029	

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

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

**A good faith deposit ("Deposit") in the amount of \$35,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 29, 2021.

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

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

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

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

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

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 29, 2021 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 North Fond Du Lac, Wisconsin, on December 6, 2021.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_