

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 23, 2024

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

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

VILLAGE OF FREDONIA, WISCONSIN (Ozaukee County)

\$5,210,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2024A

BID OPENING: February 1, 2024, 10:00 A.M., C.T.

CONSIDERATION: February 1, 2024, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,210,000* General Obligation Corporate Purpose Bonds, Series 2024A (the "Bonds") are being issued pursuant to Section 67.04, Wisconsin Statutes, by the Village of Fredonia, Wisconsin (the "Village"), for the public purposes of financing street improvements, water system improvements, sewer system improvements, park improvements, constructing engine houses and TID No. 3 infrastructure improvements. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: February 22, 2024

MATURITY: March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$60,000	2032	\$260,000	2039	\$340,000
2026	225,000	2033	265,000	2040	360,000
2027	220,000	2034	280,000	2041	370,000
2028	225,000	2035	290,000	2042	520,000
2029	235,000	2036	300,000	2043	120,000
2030	245,000	2037	315,000		
2031	255,000	2038	325,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: March 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on March 1, 2033 and thereafter are subject to call for prior optional redemption on March 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$5,144,875.

MAXIMUM BID: \$5,626,800.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$104,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Associated Trust Company, National Association.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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



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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 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 Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Official Statement is not to be construed as a contract with the Underwriter. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the Village with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Bonds.

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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VILLAGE OF FREDONIA VILLAGE BOARD

		<u>Term Expires</u>
Daniel Gehrke	Village President	April 2025
Richard Abegglen	Trustee	April 2024
Tiffany Bartz	Trustee	April 2025
Don Dohrwardt	Trustee	April 2025
Joshua Haas	Trustee	April 2024
Kurt Meyle Sr.	Trustee	April 2025
Bruce Paape	Trustee	April 2024

ADMINISTRATION

Melissa Depies, Village Treasurer
Christophe Jenkins, Village Administrator
Michelle Johnson, Village Clerk

PROFESSIONAL SERVICES

Johnathan G. Woodward, Houseman & Feind LLP, Village Attorney, Grafton, Wisconsin

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

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of Fredonia, Wisconsin (the "Village") and the issuance of its \$5,210,000* General Obligation Corporate Purpose Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Village Board on February 1, 2024.

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 Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 22, 2024. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The Village has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after March 1, 2033 shall be subject to optional redemption prior to maturity on March 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the Village, for the public purposes of financing street improvements, water system improvements, sewer system improvements, park improvements, constructing engine houses and TID No. 3 infrastructure improvements.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$5,210,000	
Estimated Interest Earnings	<u>44,632</u>	
Total Sources		\$5,254,632

Uses

Estimated Underwriter's Discount	\$65,125	
Costs of Issuance	84,500	
Deposit to Borrowed Money Fund	5,100,800	
Rounding Amount	<u>4,207</u>	
Total Uses		\$5,254,632

*Preliminary, subject to change.

SECURITY

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

RATING

General obligation debt of the Village is currently rated "A+" (negative outlook) by S&P Global Ratings ("S&P"). The Village has requested an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Bonds, 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 the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Village appointed a new fiscal agent for certain outstanding obligations in July 2022, the notice for which was filed in September 2022. Except to the extent the preceding is deemed to be material, 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, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

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

Quarles & Brady LLP has also been retained by the Village to serve as Disclosure Counsel to the Village with respect to the Bonds. Although, as Disclosure Counsel to the Village, Quarles & Brady LLP has assisted the Village with

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

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

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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, 2022 have been audited by Baker Tilly US, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

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

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

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

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

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

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

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

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

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the Village may have an adverse effect on the value of the Bonds in the secondary market.

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

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

Cybersecurity: 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.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$278,598,400
2023 Equalized Value Reduced by Tax Increment Valuation	\$261,114,400
2023 Assessed Value	\$187,810,288

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$196,819,700	70.646%
Commercial	40,363,200	14.488%
Manufacturing	37,135,700	13.329%
Agricultural	134,600	0.048%
Undeveloped	81,600	0.029%
Ag Forest	79,300	0.028%
Forest	244,800	0.088%
Personal Property	<u>3,739,500</u>	<u>1.342%</u>
Total	<u><u>\$278,598,400</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2019	\$176,993,414	\$183,863,200	5.54%
2020	179,081,371	195,844,700	6.52%
2021	179,356,377	206,597,900	5.49%
2022	179,590,823	237,041,400	14.74%
2023	187,810,288	278,598,400	17.53%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value ¹	Percent of Village's Total Equalized Value
FIP Master Funding I LLC	Corporate	\$12,650,949	4.54%
Springhill Apartments LLC	Apartments	6,105,082	2.19%
Brook Park Apartments LLC	Apartments	4,456,321	1.60%
Poynette LLC	Commercial Office Space	2,726,625	0.98%
Guy & O'Neill Inc	Perfumes, cosmetics manufacturer	2,688,968	0.97%
L Logan LLC	Self-Storage	1,941,868	0.70%
Caseys Marketing Company	Gas Station/Convenience Store	1,622,064	0.58%
Smiley Properties LLC	Packaging/Manufacturing	1,546,891	0.56%
Sandmar Properties LLC	Assisted Living Facility	1,528,624	0.55%
Stoney Creek Development LLC	Real Estate	<u>1,428,018</u>	<u>0.51%</u>
Total		\$36,695,410	13.17%
Village's Total 2023 Equalized Value ²		\$278,598,400	

Source: The Village.

DEBT

DIRECT DEBT³ (includes the Bonds)*

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u><u>\$11,344,853</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by water revenues	<u><u>\$533,835</u></u>
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*Preliminary, subject to change.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

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

DEBT PAYMENT HISTORY

The Village has no record of default in the payment of principal and interest on its debt. The Village’s interest payment due June 1, 2022 on its General Obligation Refunding Bonds, dated December 21, 2017 (the “2017 Bonds”), was made on June 3, 2022. The Village attributes the delay to staff turnover at the time, and the Village has since appointed a paying agent for the 2017 Bonds.

FUTURE FINANCING

The Village intends to borrow approximately \$106,000 through a State Trust Fund Loan to finance equipment in the next 12 months. Aside from the preceding, the Village has no current plans for additional financing in the next 12 months.

DEBT LIMIT

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

Equalized Value	\$278,598,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$13,929,920
Less: General Obligation Debt*	<u>(11,344,853)</u>
Unused Debt Limit*	<u><u>\$2,585,067</u></u>

*Preliminary, subject to change.

Village of Fredonia, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/22/2024)

	Refunding Bonds		State Trust Fund Loan		State Trust Fund Loan		State Trust Fund Loan		Promissory Notes	
Dated	12/21/2017		05/08/2020		07/17/2021		10/13/2021		11/19/2023	
Amount	\$4,080,000		\$1,549,064		\$1,086,200		\$488,800		\$94,964	
Maturity	12/01		03/15		03/15		03/15		02/19 & 05/19 & 08/19 & 11/19	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	185,000	95,625	60,318	48,150	40,730	41,992	18,625	19,201	69,294	1,215
2025	190,000	90,075	62,561	45,907	42,474	40,248	19,422	18,404	2,955	25
2026	195,000	84,375	64,751	43,718	44,173	38,549	20,199	17,627		
2027	200,000	78,525	67,017	41,451	45,940	36,782	21,007	16,819		
2028	210,000	72,525	69,255	39,213	47,682	35,040	21,803	16,023		
2029	215,000	66,225	71,786	36,682	49,685	33,037	22,719	15,107		
2030	220,000	59,775	74,299	34,169	51,672	31,050	23,628	14,198		
2031	230,000	53,175	76,899	31,569	53,739	28,983	24,573	13,253		
2032	235,000	46,275	79,512	28,957	55,815	26,907	25,522	12,303		
2033	245,000	39,225	82,374	26,095	58,122	24,601	26,577	11,249		
2034	245,000	31,875	85,257	23,211	60,446	22,276	27,640	10,186		
2035	255,000	24,525	88,241	20,227	62,864	19,858	28,746	9,080		
2036	265,000	16,875	91,282	17,186	65,331	17,391	29,874	7,952		
2037	275,000	8,594	94,524	13,944	67,992	14,730	31,090	6,736		
2038			97,832	10,636	70,712	12,010	32,334	5,492		
2039			101,257	7,212	73,540	9,182	33,627	4,199		
2040			104,791	3,678	76,465	6,257	34,965	2,861		
2041					79,541	3,182	36,371	1,455		
2042										
2043										
	3,165,000	767,669	1,371,956	472,005	1,046,926	442,072	478,722	202,144	72,250	1,239

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Village of Fredonia, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 02/22/2024)

Corporate Purpose Bonds Series 2024A								
Dated	02/22/2024							
Amount	\$5,210,000*							
Maturity	03/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	0	373,967	206,183	580,150	10,970,886	3.30%	2024
2025	60,000	370,708	377,413	565,367	942,779	10,593,473	6.62%	2025
2026	225,000	236,210	549,123	420,479	969,601	10,044,350	11.46%	2026
2027	220,000	226,198	553,964	399,775	953,739	9,490,386	16.35%	2027
2028	225,000	216,185	573,741	378,986	952,726	8,916,646	21.40%	2028
2029	235,000	205,953	594,191	357,003	951,194	8,322,455	26.64%	2029
2030	245,000	195,393	614,599	334,584	949,184	7,707,856	32.06%	2030
2031	255,000	184,393	640,212	311,372	951,584	7,067,644	37.70%	2031
2032	260,000	172,933	655,850	287,374	943,224	6,411,794	43.48%	2032
2033	265,000	161,120	677,072	262,289	939,361	5,734,722	49.45%	2033
2034	280,000	148,858	698,343	236,405	934,749	5,036,379	55.61%	2034
2035	290,000	135,743	724,851	209,433	934,284	4,311,528	62.00%	2035
2036	300,000	121,878	751,487	181,281	932,769	3,560,041	68.62%	2036
2037	315,000	107,425	783,607	151,428	935,035	2,776,434	75.53%	2037
2038	325,000	92,141	525,878	120,279	646,158	2,250,556	80.16%	2038
2039	340,000	76,015	548,424	96,607	645,031	1,702,132	85.00%	2039
2040	360,000	58,950	576,220	71,746	647,966	1,125,912	90.08%	2040
2041	370,000	41,065	485,912	45,701	531,613	640,000	94.36%	2041
2042	520,000	19,000	520,000	19,000	539,000	120,000	98.94%	2042
2043	120,000	3,000	120,000	3,000	123,000	0	100.00%	2043
	5,210,000	2,773,164	11,344,853	4,658,293	16,003,146			

* Preliminary, subject to change.

Village of Fredonia, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 02/22/2024)

Water System Revenue Bonds
(SDWFL)
Series 2015

Dated	06/24/2015							
Amount	\$835,730							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	40,592	8,473	40,592	8,473	49,066	493,243	7.60%	2024
2025	41,262	7,798	41,262	7,798	49,060	451,981	15.33%	2025
2026	41,943	7,112	41,943	7,112	49,054	410,038	23.19%	2026
2027	42,635	6,414	42,635	6,414	49,049	367,404	31.18%	2027
2028	43,338	5,705	43,338	5,705	49,043	324,065	39.29%	2028
2029	44,053	4,984	44,053	4,984	49,037	280,012	47.55%	2029
2030	44,780	4,251	44,780	4,251	49,031	235,231	55.94%	2030
2031	45,519	3,506	45,519	3,506	49,025	189,712	64.46%	2031
2032	46,270	2,749	46,270	2,749	49,019	143,442	73.13%	2032
2033	47,034	1,979	47,034	1,979	49,012	96,408	81.94%	2033
2034	47,810	1,196	47,810	1,196	49,006	48,599	90.90%	2034
2035	48,599	401	48,599	401	49,000	0	100.00%	2035
	533,835	54,566	533,835	54,566	588,402			

OVERLAPPING DEBT¹

Taxing District	Equalized Value²	% In Village	Total G.O. Debt³	Village's Proportionate Share
Ozaukee County	\$17,715,829,700	1.5726%	\$21,325,000	\$335,357
Northern Ozaukee School District	923,704,084	30.1610%	6,440,062	1,942,387
Milwaukee Area Technical College District	118,936,724,216	0.2342%	101,820,000	<u>238,462</u>
Village's Share of Total Overlapping Debt				<u><u>\$2,516,206</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$278,598,400	Debt/ Per Capita 2,264⁴
Total General Obligation Debt*	\$11,344,853	4.07%	\$5,010.98
Village's Share of Total Overlapping Debt	<u>2,516,206</u>	<u>0.90%</u>	<u>\$1,111.40</u>
Total*	\$13,861,059	4.98%	\$6,122.38

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

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

⁴ Estimated 2023 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$922,711	100%	\$5.02
2020/21	931,754	100%	4.76
2021/22	934,894	100%	4.53
2022/23	1,109,802	100%	4.70
2023/24	1,148,520	In Process	4.40

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 personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools¹	County	Local	Total
2019/20	\$11.48	\$1.99	\$5.02	\$18.49
2020/21	11.45	1.86	4.76	18.07
2021/22	11.31	1.76	4.53	17.60
2022/23	10.31	1.64	4.70	16.65
2023/24	9.18	1.52	4.40	15.10

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

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

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

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

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

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

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

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

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

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

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

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the Village. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the Village that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the Village beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the Village is expected to receive approximately \$265,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$197,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1872 and is governed by a Village President and six other Village Board members. The Village President is a voting member. All members are elected to two-year terms. The appointed Village Administrator, Village Treasurer and Village Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 11 full-time, two part-time, and one seasonal employee.

The Village was formerly not a participant in the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. Beginning with 2023, all eligible employees of the Village are covered under the WRS, which 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 ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are required to contribute half of the actuarially determined contributions, and the Village may not pay the employees' required contribution.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion.

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 the fiscal year ended December 2023, the Village will report a liability for its proportionate share of the net pension liability of the WRS.

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

Prior to the Village becoming a participant in the WRS in 2023, all eligible employees in the Village were covered through a defined contribution plan through Lincoln Financial, where benefits were dependent on the amounts contributed to the plan plus investment earnings.

During the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the Village's contributions to the defined contribution plan totaled \$17,363. For more detailed information, see Note 4 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.

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

There are currently no bargaining units that represent employees of the Village.

OTHER POST EMPLOYMENT BENEFITS

The Village does not provide any other post employment benefits.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of November 30, 2023)

Fund	Total Cash and Investments
General	\$1,988,654
Enterprise Funds	<u>566,833</u>
Total Funds on Hand	<u><u>\$2,555,487</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:

	2020 Audited	2021 Audited	2022 Audited
Water			
Total Operating Revenues	\$424,239	\$425,850	\$399,548
Less: Operating Expenses	<u>(269,823)</u>	<u>(273,566)</u>	<u>(401,596)</u>
Operating Income	\$154,416	\$152,284	(\$2,048)
Plus: Depreciation	98,427	99,305	94,719
Interest Income	<u>3,022</u>	<u>380</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$255,865</u></u>	<u><u>\$251,969</u></u>	<u><u>\$92,671</u></u>
Sewer			
Total Operating Revenues	\$597,303	\$698,942	\$665,150
Less: Operating Expenses	<u>(609,682)</u>	<u>(636,236)</u>	<u>(654,989)</u>
Operating Income	(\$12,379)	\$62,706	\$10,161
Plus: Depreciation	298,270	326,885	330,862
Interest Income	<u>7,736</u>	<u>1,235</u>	<u>3,945</u>
Revenues Available for Debt Service	<u><u>\$293,627</u></u>	<u><u>\$390,826</u></u>	<u><u>\$344,968</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31					
	2019 Audited	2020 Audited	2021 Audited	2022 Audited	2023 Projected	2024 Adopted Budget 1)
Revenues						
Taxes and Special assessments	\$519,942	\$526,550	\$532,783	\$535,987	\$961,821	\$892,972
Intergovernmental	327,755	350,731	344,442	381,066	357,949	396,245
Licenses and permits	53,754	45,145	89,693	42,051	49,749	64,750
Fines, forfeitures and penalties	5,907	1,993	4,842	3,875	3,604	4,000
Public charges for services	5,831	3,133	11,055	4,595	297	1,000
Investment income	32,715	17,054	10,169	18,979	100,563	78,000
Miscellaneous revenues	31,797	36,936	38,330	94,332	102,047	88,700
Total Revenues	\$977,701	\$981,542	\$1,031,314	\$1,080,885	\$1,576,030	\$1,525,667
Expenditures						
Current:						
General government	\$276,073	\$257,110	\$278,249	\$293,932	\$614,382	\$434,354
Public safety	293,031	285,345	287,571	313,516	224,320	119,370
Public works	374,311	336,958	331,110	453,948	396,005	590,393
Culture, recreation and education	70,188	56,323	67,922	69,229	89,834	75,665
Conservation and development	6,927	13,310	24,627	12,717	6,045	0
Total Expenditures	\$1,020,530	\$949,046	\$989,479	\$1,143,342	\$1,330,586	\$1,219,782
Excess of revenues over (under) expenditures	(\$42,829)	\$32,496	\$41,835	(\$62,457)	\$245,444	\$305,885
Other Financing Sources (Uses)						
Long-term debt issued	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from sale of capital assets	\$1,942	\$4,901	\$7,000	\$0	\$0	\$0
Transfers in	61,959	64,036	62,554	60,875	0	60,000
Transfers (out)	(278,281)	(307,964)	(307,862)	(84,490)	(178,599)	(365,885)
Total Other Financing Sources (Uses)	(214,380)	(239,027)	(238,308)	(23,615)	(178,599)	(305,885)
Net changes in Fund Balances*	(\$257,209)	(\$206,531)	(\$196,473)	(\$86,072)	\$66,845	\$0
General Fund Balance January 1	\$1,056,997	\$799,788	\$593,256	\$396,783	\$310,711	
General Fund Balance December 31	\$799,788	\$593,257	\$396,783	\$310,711	\$377,556	
DETAILS OF DECEMBER 31 FUND BALANCE						
Nonspendable	\$15,629	\$15,603	\$16,249	\$2,399	\$2,385	
Restricted	20,070	20,221	20,221	20,373	20,373	
Assigned	690,368	492,259	0	0	0	
Unassigned	73,721	65,174	360,313	287,939	354,798	
Total	\$799,788	\$593,257	\$396,783	\$310,711	\$377,556	

¹⁾ The 2024 budget was adopted on November 2, 2023.

* Village's spending down of its General Fund balance over the past several years was a planned adjustment to bring the Village's fund balance within its Fund Balance Policy, which provides that it is the policy of the Village to maintain as the unassigned fund balance a sum equal to 25% to 35% of the General Fund annual budget.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 2,279 and a current estimated population of 2,264 comprises an area of 2.31 square miles, and is located approximately 32 miles north of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in and near the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Guy O'Neil Inc.	Perfumes, cosmetics manufacturing	195
Northern Ozaukee School District	Elementary and secondary education	129
Cedar Valley Cheese	Cheese Manufacturing	50-99
PHD Roof Doctors Inc.	Roofing contractors	48
Comprehensive Contracted Services (CCS Inc.)	Miscellaneous manufacturing	30
McDonald's	Restaurant	25
Industrial Graphics Corp	Commercial Screen Printing	25
Petersen Products	Plumbing Fixture Fittings & Trim	22
Badger Paperboard	Paperboard Mill	21
The Village	Municipal government and services	14

Source: The Village, Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

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

BUILDING PERMITS¹

	2020	2021	2022	2023	2024
<u>New Single Family Homes</u>					
No. of building permits	0	3	2	0	0
Valuation	\$0	\$800,170	\$958,644	\$0	\$0
<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	8	9	3	1	0
Valuation	\$449,500	\$5,567,000	\$170,000	\$700,000	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	59	52	52	48	6
Valuation	\$748,800	\$6,672,235	\$1,460,245	\$1,305,200	\$21,948

Source: The Village.

¹ As of January 22, 2024.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	2,160
2020 U.S. Census Population	2,279
Percent of Change 2010 - 2020	5.51%

2023 Estimated Population	2,264
---------------------------	-------

Income and Age Statistics

	The Village	Ozaukee County	State of Wisconsin	United States
2022 per capita income	\$40,622	\$55,948	\$40,130	\$41,261
2022 median household income	\$86,518	\$92,258	\$72,458	\$75,149
2022 median family income	\$110,481	\$117,113	\$92,974	\$92,646
2022 median gross rent	\$990	\$1,103	\$992	\$1,268
2022 median value owner occupied units	\$241,400	\$344,900	\$231,400	\$281,900
2022 median age	36.2 yrs.	43.8 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
Village % of 2022 per capita income	101.23%	98.45%
Village % of 2022 median family income	118.83%	119.25%

Housing Statistics

	<u>The Village</u>		
	2020	2022	Percent of Change
All Housing Units	913	888	-2.74%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 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>	
	Ozaukee County	Ozaukee County	State of Wisconsin
2019	47,806	2.7%	3.2%
2020	46,125	5.5%	6.4%
2021	47,415	3.1%	3.8%
2022	47,593	2.5%	2.9% ¹
2023, November ¹	48,324	2.4%	2.7%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the 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 Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Bonds, the Village represents that there have been no material adverse change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

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

Village of Fredonia

Financial Statements and
Supplementary Information

December 31, 2022

Village of Fredonia

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Independent Auditors' Report

To the Village Board of
Village of Fredonia

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fredonia (the Village), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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

Supplementary Information

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

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

Milwaukee, Wisconsin
July 6, 2023

Village of Fredonia

Statement of Net Position

December 31, 2022

	Governmental Activities	Business- Type Activities	Total
Assets			
Assets			
Cash and investments	\$ 1,201,710	\$ 1,038,064	\$ 2,239,774
Receivables:			
Taxes receivable	1,122,916	-	1,122,916
Accounts (net)	52,896	290,539	343,435
Other receivables	-	74,915	74,915
Special assessments	-	8,730	8,730
Inventories	-	12,185	12,185
Restricted assets:			
Cash and investments	20,373	547,705	568,078
Capital assets (net of accumulated depreciation):			
Land	2,949,902	15,798	2,965,700
Intangibles	16,000	10,000	26,000
Construction in progress	-	51,610	51,610
Capital assets, being depreciated	<u>9,789,755</u>	<u>7,062,901</u>	<u>16,852,656</u>
Total assets	<u>15,153,552</u>	<u>9,112,447</u>	<u>24,265,999</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable and accrued liabilities	483,676	216,662	700,338
Deposits	14,926	-	14,926
Unearned revenue	192,076	-	192,076
Noncurrent liabilities:			
Due within one year	294,588	174,659	469,247
Due in more than one year	<u>3,804,780</u>	<u>3,282,213</u>	<u>7,086,993</u>
Total liabilities	<u>4,790,046</u>	<u>3,673,534</u>	<u>8,463,580</u>
Deferred Inflows of Resources			
Unearned property taxes	1,122,916	-	1,122,916
Other	<u>-</u>	<u>74,915</u>	<u>74,915</u>
Total deferred inflows of resources	<u>1,122,916</u>	<u>74,915</u>	<u>1,197,831</u>
Net Position			
Net investment in capital assets	8,634,519	3,683,436	12,317,955
Restricted for:			
Equipment replacement	-	547,705	547,705
Impact fees	20,373	-	20,373
Tax Incremental District	220,606	-	220,606
Unrestricted	<u>365,092</u>	<u>1,132,857</u>	<u>1,497,949</u>
Total net position	<u>\$ 9,240,590</u>	<u>\$ 5,363,998</u>	<u>\$ 14,604,588</u>

See notes to financial statements

Village of Fredonia

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	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	Total
Governmental activities:							
General government	\$ 374,983	\$ 64,558	\$ 13,032	\$ -	\$ (297,393)	\$ -	\$ (297,393)
Public safety	754,190	287,930	56,321	-	(409,939)	-	(409,939)
Public works	543,443	-	135,493	-	(407,950)	-	(407,950)
Culture, education and recreation	92,143	4,100	120	-	(87,923)	-	(87,923)
Conservation and development	12,868	465	-	-	(12,403)	-	(12,403)
Interest and fiscal charges	210,350	-	-	-	(210,350)	-	(210,350)
Total governmental activities	1,987,977	357,053	204,966	-	(1,425,958)	-	(1,425,958)
Business-type activities:							
Water Utility	411,279	399,548	-	26,453	-	14,722	14,722
Sewer Utility	750,025	643,740	-	65,683	-	(40,602)	(40,602)
Total business-type activities	1,161,304	1,043,288	-	92,136	-	(25,880)	(25,880)
Total	\$ 3,149,281	\$ 1,400,341	\$ 204,966	\$ 92,136	(1,425,958)	(25,880)	(1,451,838)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					535,988	-	535,988
Property taxes, levied for debt service					258,033	-	258,033
Property taxes, levied for capital projects					141,042	-	141,042
Intergovernmental revenues not restricted to specific programs					201,673	-	201,673
Investment income					19,105	3,945	23,050
Miscellaneous					161,152	21,410	182,562
Total general revenues					1,316,993	25,355	1,342,348
Transfers					60,875	(60,875)	-
Change in net position					(48,090)	(61,400)	(109,490)
Net Position, Beginning					9,288,680	5,425,398	14,714,078
Net Position, Ending					\$ 9,240,590	\$ 5,363,998	\$ 14,604,588

See notes to financial statements

Village of Fredonia

Balance Sheet
Governmental Funds
December 31, 2022

		Special Revenue Fund	
	General Fund	Fire and Ambulance	Capital Projects Fund
Assets			
Cash and investments	\$ 595,447	\$ 207,236	\$ 152,887
Receivables:			
Taxes	858,511	-	-
Accounts (net)	2,399	50,497	-
Restricted, cash and investments	<u>20,373</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,476,730</u>	<u>\$ 257,733</u>	<u>\$ 152,887</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$ 97,028	\$ 47,002	\$ 210,594
Accrued liabilities	15,577	-	-
Deposits	-	-	14,926
Unearned revenue	<u>192,078</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>304,683</u>	<u>47,002</u>	<u>225,520</u>
Deferred Inflows of Resources			
Unearned property taxes	858,511	-	-
Unearned revenues	<u>2,825</u>	<u>50,500</u>	<u>86</u>
Total deferred inflows of resources	<u>861,336</u>	<u>50,500</u>	<u>86</u>
Fund Balances (Deficit)			
Nonspendable	2,399	-	-
Restricted	20,373	-	-
Committed	-	160,231	-
Unassigned	<u>287,939</u>	<u>-</u>	<u>(72,719)</u>
Total fund balances (deficit)	<u>310,711</u>	<u>160,231</u>	<u>(72,719)</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 1,476,730</u>	<u>\$ 257,733</u>	<u>\$ 152,887</u>

See notes to financial statements

	Capital Projects Fund	
Debt Service Fund	TID 3	Total
\$ 2,007	\$ 244,134	\$ 1,201,711
251,393	13,012	1,122,916
-	-	52,896
-	-	20,373
<u>\$ 253,400</u>	<u>\$ 257,146</u>	<u>\$ 2,397,896</u>

\$ -	\$ 39,752	\$ 394,376
-	-	15,577
-	-	14,926
-	-	192,078
<u>-</u>	<u>39,752</u>	<u>616,957</u>

251,393	13,012	1,122,916
<u>-</u>	<u>-</u>	<u>53,411</u>
<u>251,393</u>	<u>13,012</u>	<u>1,176,327</u>

-	-	2,399
2,007	204,382	226,762
-	-	160,231
-	-	215,220
<u>2,007</u>	<u>204,382</u>	<u>604,612</u>

<u>\$ 253,400</u>	<u>\$ 257,146</u>	<u>\$ 2,397,896</u>
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Village of Fredonia

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2022

Total Fund Balances, Governmental Funds	\$ 604,612
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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	2,949,902
Intangibles	16,000
Other capital assets	16,299,679
Less accumulated depreciation	(6,509,924)

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.

53,411

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(3,690,202)
Financing agreement	(365,376)
Accrued interest	(73,722)
Unamortized debt premium	(43,790)

Net Position of Governmental Activities

\$ 9,240,590

Village of Fredonia

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended December 31, 2022

		Special Revenue Fund		
	General Fund	Fire and Ambulance	Capital Projects Fund	Debt Service Fund
Revenues				
Taxes	\$ 535,987	\$ -	\$ 141,042	\$ 258,034
Intergovernmental	381,066	21,156	-	-
Licenses and permits	42,051	-	-	-
Fines, forfeitures and penalties	3,875	-	-	-
Public charges for services	4,595	246,089	-	-
Intergovernmental charges for services	-	31,010	-	-
Investment income	18,979	126	-	-
Miscellaneous revenues	94,332	4,298	-	-
Total revenues	<u>1,080,885</u>	<u>302,679</u>	<u>141,042</u>	<u>258,034</u>
Expenditures				
Current:				
General government	293,932	-	-	-
Public safety	313,516	278,878	-	-
Public works	453,948	-	-	-
Culture, recreation and education	69,229	-	-	-
Conservation and development	12,717	-	-	-
Capital outlay	-	51,610	264,576	-
Debt service:				
Principal	-	-	54,120	183,669
Interest and fiscal charges	-	-	14,179	72,358
Total expenditures	<u>1,143,342</u>	<u>330,488</u>	<u>332,875</u>	<u>256,027</u>
Excess (deficiency) of revenues over expenditures	<u>(62,457)</u>	<u>(27,809)</u>	<u>(191,833)</u>	<u>2,007</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	12,862	-
Transfers in	60,875	84,490	-	-
Transfers out	(84,490)	-	-	-
Total other financing sources (uses)	<u>(23,615)</u>	<u>84,490</u>	<u>12,862</u>	<u>-</u>
Net change in fund balances	(86,072)	56,681	(178,971)	2,007
Fund Balances, Beginning	<u>396,783</u>	<u>103,550</u>	<u>106,252</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ 310,711</u>	<u>\$ 160,231</u>	<u>\$ (72,719)</u>	<u>\$ 2,007</u>

See notes to financial statements

Capital Projects Fund	
TID 3	Total
\$ -	\$ 935,063
-	402,222
-	42,051
-	3,875
-	250,684
-	31,010
-	19,105
-	98,630
-	1,782,640
-	293,932
-	592,394
3,701	457,649
-	69,229
-	12,717
112,650	428,836
-	237,789
28,688	115,225
145,039	2,207,771
(145,039)	(425,131)
115,934	128,796
-	145,365
-	(84,490)
115,934	189,671
(29,105)	(235,460)
233,487	840,072
\$ 204,382	\$ 604,612

See notes to financial statements

Village of Fredonia

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds	\$	(235,460)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of 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	428,836
Some items reported as capital outlay were not capitalized	(7,723)
Depreciation is reported in the government-wide financial statements	(401,082)

Land reported as an expenditure in the fund financial statements is reclassified as land held for resale in the government-wide financial statements.	(18,432)
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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.	
Ambulance receivables	(13,992)

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.

Financing agreement repaid	54,120
Principal repaid	183,669

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium	2,919
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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.

Accrued interest on debt	(40,945)
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Change in Net Position of Governmental Activities	\$	(48,090)
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Village of Fredonia

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Assets			
Current assets:			
Cash and investments	\$ 478,782	\$ 559,282	\$ 1,038,064
Receivables:			
Customer accounts receivable	103,919	186,620	290,539
Leases	74,915	-	74,915
Special assessments	4,365	4,365	8,730
Inventories	12,185	-	12,185
Total current assets	674,166	750,267	1,424,433
Noncurrent assets:			
Restricted assets:			
Cash and investments	-	547,705	547,705
Capital assets:			
Land	715	15,083	15,798
Intangible assets	6,000	4,000	10,000
Construction in progress	51,610	-	51,610
Capital assets, net of depreciation	2,854,123	4,208,778	7,062,901
Total noncurrent assets	2,912,448	4,775,566	7,688,014
Total assets	3,586,614	5,525,833	9,112,447

See notes to financial statements

Village of Fredonia

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 44,029	\$ 116,936	\$ 160,965
Accrued wages	998	1,992	2,990
Accrued interest	1,578	51,129	52,707
Current portion of general obligation debt	-	134,726	134,726
Current portion of revenue bonds	39,933	-	39,933
Total current liabilities	86,538	304,783	391,321
Noncurrent liabilities:			
Long-term debt:			
General obligation debt	-	2,713,995	2,713,995
Unamortized debt premium	-	34,383	34,383
Revenue bonds payable	533,835	-	533,835
Total noncurrent liabilities	533,835	2,748,378	3,282,213
Total liabilities	620,373	3,053,161	3,673,534
Deferred Inflows of Resources			
Unearned revenue	74,915	-	74,915
Total deferred inflows of resources	74,915	-	74,915
Net Position			
Net investment in capital assets	2,338,679	1,344,757	3,683,436
Restricted for:			
Equipment replacement	-	547,705	547,705
Unrestricted	552,647	580,210	1,132,857
Total net position	\$ 2,891,326	\$ 2,472,672	\$ 5,363,998

See notes to financial statements

Village of Fredonia

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Operating Revenues			
Public charges for services	\$ 396,676	\$ 643,740	\$ 1,040,416
Miscellaneous revenues	<u>2,872</u>	<u>21,410</u>	<u>24,282</u>
Total operating revenues	<u>399,548</u>	<u>665,150</u>	<u>1,064,698</u>
Operating Expenses			
Operating and maintenance	306,877	320,157	627,034
Depreciation expense	94,719	330,862	425,581
Taxes	<u>-</u>	<u>3,970</u>	<u>3,970</u>
Total operating expenses	<u>401,596</u>	<u>654,989</u>	<u>1,056,585</u>
Operating income (loss)	<u>(2,048)</u>	<u>10,161</u>	<u>8,113</u>
Nonoperating Revenues (Expenses)			
Investment income	-	3,945	3,945
Interest and fiscal charges	<u>(9,683)</u>	<u>(95,036)</u>	<u>(104,719)</u>
Total nonoperating revenues (expenses)	<u>(9,683)</u>	<u>(91,091)</u>	<u>(100,774)</u>
Income (loss) before transfers and contributions	<u>(11,731)</u>	<u>(80,930)</u>	<u>(92,661)</u>
Contributions and Transfers			
Capital contributions	26,453	65,683	92,136
Transfers out, operating	<u>(59,309)</u>	<u>(1,566)</u>	<u>(60,875)</u>
Total contributions and transfers	<u>(32,856)</u>	<u>64,117</u>	<u>31,261</u>
Change in net position	<u>(44,587)</u>	<u>(16,813)</u>	<u>(61,400)</u>
Net Position, Beginning	<u>2,935,913</u>	<u>2,489,485</u>	<u>5,425,398</u>
Net Position, Ending	<u><u>\$ 2,891,326</u></u>	<u><u>\$ 2,472,672</u></u>	<u><u>\$ 5,363,998</u></u>

See notes to financial statements

Village of Fredonia

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Cash Flows From Operating Activities			
Received from customers	\$ 422,108	\$ 679,541	\$ 1,101,649
Paid to suppliers for goods and services	(231,920)	(184,477)	(416,397)
Paid to employees for services	(58,846)	(53,159)	(112,005)
Net cash flows from operating activities	131,342	441,905	573,247
Cash Flows From Investing Activities			
Investment income	-	3,945	3,945
Net cash flows from investing activities	-	3,945	3,945
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	(59,309)	(1,566)	(60,875)
Net cash flows from noncapital financing activities	(59,309)	(1,566)	(60,875)
Cash Flows From Capital and Related Financing Activities			
Debt retired	(39,286)	(130,630)	(169,916)
Interest paid	(9,790)	(97,098)	(106,888)
Acquisition and construction of capital assets	(164,050)	(153,731)	(317,781)
Capital contributions received	26,453	65,683	92,136
Net cash flows from capital and related financing activities	(186,673)	(315,776)	(502,449)
Net change in cash and cash equivalents	(114,640)	128,508	13,868
Cash and Cash Equivalents, Beginning	593,422	978,479	1,571,901
Cash and Cash Equivalents, Ending	<u>\$ 478,782</u>	<u>\$ 1,106,987</u>	<u>\$ 1,585,769</u>

See notes to financial statements

Village of Fredonia

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash			
Flows From Operating Activities			
Operating income (loss)	\$ (2,048)	\$ 10,161	\$ 8,113
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	94,719	330,862	425,581
Depreciation charged to other funds	6,305	(6,305)	-
Changes in assets and liabilities:			
Customer accounts receivable	8,742	(7,800)	942
Due from Village	7,513	22,191	29,704
Accounts payable	18,448	91,842	110,290
Other current liabilities	(2,337)	954	(1,383)
Net cash flows from operating activities	<u>\$ 131,342</u>	<u>\$ 441,905</u>	<u>\$ 573,247</u>
Reconciliation of Cash and Cash Equivalents to the			
Statement of Net Position, Proprietary Funds			
Cash and investments	\$ 478,782	\$ 559,282	\$ 1,038,064
Restricted cash and investments	<u>-</u>	<u>547,705</u>	<u>547,705</u>
Cash and cash equivalents	<u>\$ 478,782</u>	<u>\$ 1,106,987</u>	<u>\$ 1,585,769</u>
Noncash Capital and Related Financing Activities			
None			

See notes to financial statements

Village of Fredonia

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Pension Trust Fund	Custodial Fund Tax Collection Fund
Assets		
Cash and investments	\$ 194,443	\$ 1,676,266
Taxes receivable	-	1,148,319
Total assets	194,443	2,824,585
Liabilities		
Due to other taxing units	-	2,824,585
Total liabilities	-	2,824,585
Net Position		
Restricted for pension benefits	194,443	-
Total net position	\$ 194,443	\$ -

See notes to financial statements

Village of Fredonia

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Pension Trust Fund	Custodial Fund Tax Collection Fund
Additions		
Contributions:		
Employer	\$ 17,364	\$ -
Tax collections	-	2,101,929
Total contributions	17,364	2,101,929
Investment income	-	-
Total additions	17,364	2,101,929
Deductions		
Payments to employees	48,867	-
Administrative expenses	2,494	-
Payments to overlying districts	-	2,101,929
Loss on investment	50,212	-
Total deductions	101,573	2,101,929
Change in fiduciary net position	(84,209)	-
Net Position, Beginning	278,652	-
Net Position, Ending	<u>\$ 194,443</u>	<u>\$ -</u>

See notes to financial statements

Village of Fredonia

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December 31, 2022

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Village of Fredonia

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Fredonia, Wisconsin (the Village) 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 units. 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 Village has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

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.

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.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

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:

- a. 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% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. 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.

Special Revenue Fund

Fire and Ambulance Fund is used to account for and report financial resources committed to supporting expenditures for the fire and ambulance department.

Debt Service Fund

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

Capital Projects Funds

Capital Projects Fund is 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.

Tax Incremental District (TID) No. 3 Capital Projects Fund is 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.

Sewer Utility accounts for operations of the Sewer system.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

In addition, the Village reports the following fund types:

Pension Trust Fund

Pension Trust Funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans or other employee benefit plans.

Pension Trust Fund

Custodial Fund

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 water and sewer 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.

Village of Fredonia

Notes to Financial Statements

December 31, 2022

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and 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.

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 and sewer utilities 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, 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.
- 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.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

- 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.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The Village has not adopted an investment policy.

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.

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 county government 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.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

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 and sewer 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.

Village of Fredonia

Notes to Financial Statements

December 31, 2022

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.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), 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 general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 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 and overhead. 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.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

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	9-85 Years
Infrastructure	50 Years
Machinery and Equipment	5-40 Years
Utility System	30-80 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.

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.

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 payable and accrued compensated absences.

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

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.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

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:

- a. **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.
- 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 has adopted a financial policy authorizing the Village Board 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.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

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.

The Village has a formal minimum fund balance policy. That policy is to maintain an unassigned fund balance in the general fund of 25-35% of the general fund annual budget. The balance at year end was \$253,065 or 20%, and is included in unassigned general fund fund balance.

See Note 3 for further information.

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin in 2019 and became effective on December 30, 2019.

Sewer Utility

Current sewer rates were approved by the Village Board and became effective on December 30, 2020.

2. Stewardship, Compliance and Accountability

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 net new construction or 0%. 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.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 4,484,018	\$ 4,239,370	Custodial credit risk
Mutual funds	194,443	194,443	Credit risk, interest rate risk
Petty cash	100	-	N/A
Total deposits and investments	<u>\$ 4,678,561</u>	<u>\$ 4,433,813</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 2,488,892		
Restricted cash and investments	318,960		
Per statement of net position, fiduciary funds:			
Pension trust fund	194,443		
Custodial Fund	<u>1,676,266</u>		
Total deposits and investments	<u>\$ 4,678,561</u>		

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 not been considered in computing custodial credit risk.

The Village maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$8,647,849 to secure the Village's deposits.

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's investments held in mutual funds are not rated.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2022, the Village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Lincoln equity based mutual funds	<u>\$ 194,443</u>	Less than one year

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

Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund - Fire and Ambulance</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund - TIF District No. 3</u>	<u>Total</u>
Receivables:					
Taxes	\$ 858,511	\$ -	\$ 251,393	\$ 13,012	\$ 1,122,916
Accounts	<u>2,399</u>	<u>71,252</u>	<u>-</u>	<u>-</u>	<u>73,651</u>
Gross receivables	860,910	71,252	251,393	13,012	1,196,567
Less allowance for uncollectibles	<u>-</u>	<u>(20,755)</u>	<u>-</u>	<u>-</u>	<u>(20,755)</u>
Net total receivables	<u>\$ 860,910</u>	<u>\$ 50,497</u>	<u>\$ 251,393</u>	<u>\$ 13,012</u>	<u>\$ 1,175,812</u>

All of the receivables on the balance sheet are expected to be collected within one year, except as listed above.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

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	\$ 1,122,916	\$ -
Other	-	2,911
Ambulance receivable not yet collected	-	50,500
ARPA	<u>192,078</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 1,314,994</u>	<u>\$ 53,411</u>
Unearned revenue included in liabilities	\$ 192,078	
Unearned revenue included in deferred inflows	<u>1,122,916</u>	
Total unearned revenue for governmental funds	<u>\$ 1,314,994</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Equipment Replacement Account

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

Impact Fee Account

The Village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets at December 31, 2022:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Equipment replacement account	\$ 547,705	\$ -	\$ 547,705
Impact fee account	<u>20,373</u>	<u>-</u>	<u>20,373</u>
Total	<u>\$ 568,078</u>	<u>\$ -</u>	<u>\$ 568,078</u>

Village of Fredonia

Notes to Financial Statements

December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,949,902	\$ -	\$ -	\$ 2,949,902
Construction in progress	117,483	-	117,483	-
Intangible	16,000	-	-	16,000
Total capital assets not being depreciated	<u>3,083,385</u>	<u>-</u>	<u>117,483</u>	<u>2,965,902</u>
Capital assets being depreciated:				
Buildings	3,136,136	-	-	3,136,136
Machinery and equipment	3,132,299	81,168	-	3,213,467
Streets	7,971,921	386,950	-	8,358,871
Sidewalk	389,534	24,124	-	413,658
Bike path	151,060	-	-	151,060
Storm sewer	785,945	46,354	-	832,299
Bridges	194,188	-	-	194,188
Total capital assets being depreciated	<u>15,761,083</u>	<u>538,596</u>	<u>-</u>	<u>16,299,679</u>
Total capital assets	<u>18,844,468</u>	<u>538,596</u>	<u>117,483</u>	<u>19,265,581</u>
Less accumulated depreciation for:				
Buildings	(461,645)	(62,279)	-	(523,924)
Machinery and equipment	(1,366,840)	(145,369)	-	(1,512,209)
Streets	(3,785,742)	(161,855)	-	(3,947,597)
Sidewalk	(173,972)	(8,028)	-	(182,000)
Bike path	(52,872)	(3,021)	-	(55,893)
Storm sewer	(215,340)	(16,646)	-	(231,986)
Bridges	(52,431)	(3,884)	-	(56,315)
Total accumulated depreciation	<u>(6,108,842)</u>	<u>(401,082)</u>	<u>-</u>	<u>(6,509,924)</u>
Net capital assets being depreciated	<u>9,652,241</u>	<u>137,514</u>	<u>-</u>	<u>9,789,755</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 12,735,626</u>	<u>\$ 137,514</u>	<u>\$ 117,483</u>	<u>\$ 12,755,657</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 9,768
Public safety	129,498
Public works	250,231
Leisure activities	<u>11,585</u>
Total governmental activities depreciation expense	<u>\$ 401,082</u>

Village of Fredonia

Notes to Financial Statements

December 31, 2022

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 15,083	\$ -	\$ -	\$ 15,083
Construction in progress	53,391	-	53,391	-
Intangibles	4,000	-	-	4,000
Total capital assets not being depreciated	72,474	-	53,391	19,083
Capital assets being depreciated:				
Collecting system	2,276,441	197,969	10,918	2,463,492
Collecting system pumping	135,200	9,153	-	144,353
Treatment and disposal	6,704,415	-	-	6,704,415
General	331,686	-	-	331,686
Total capital assets being depreciated	9,447,742	207,122	10,918	9,643,946
Total capital assets	9,520,216	207,122	64,309	9,663,029
Less accumulated depreciation for:				
Collecting system	(5,121,528)	(324,558)	10,918	(5,435,168)
Total accumulated depreciation	(5,121,528)	(324,558)	10,918	(5,435,168)
Net capital assets being depreciated	4,326,214	(117,436)	-	4,208,778
Net sewer capital assets	<u>\$ 4,398,688</u>	<u>\$ (117,436)</u>	<u>\$ 53,391</u>	<u>\$ 4,227,861</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 715	\$ -	\$ -	\$ 715
Construction in progress	112,642	-	61,032	51,610
Intangibles	6,000	-	-	6,000
Total capital assets not being depreciated	119,357	-	61,032	58,325
Capital assets being depreciated:				
Source of supply	48,176	-	-	48,176
Pumping	122,333	-	-	122,333
Water treatment	14,345	-	-	14,345
Transmission and distribution	3,864,005	225,082	27,464	4,061,623
General	327,548	-	-	327,548
Total capital assets being depreciated	4,376,407	225,082	27,464	4,574,025
Total capital assets	4,495,764	225,082	88,496	4,632,350
Less accumulated depreciation for:				
Source of supply	(1,646,341)	(101,025)	27,464	(1,719,902)
Total accumulated depreciation	(1,646,341)	(101,025)	27,464	(1,719,902)
Net capital assets being depreciated	2,730,066	124,057	-	2,854,123
Net water capital assets	<u>\$ 2,849,423</u>	<u>\$ 124,057</u>	<u>\$ 61,032</u>	<u>\$ 2,912,448</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 7,248,111</u>	<u>\$ 6,621</u>	<u>\$ 114,423</u>	<u>\$ 7,140,309</u>

Village of Fredonia

Notes to Financial Statements
December 31, 2022

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 94,719
Sewer	<u>330,862</u>
Total business-type activities depreciation expense	<u>\$ 425,581</u>

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

Additional disclosures of the lease assets are included in the Lease Disclosure note.

Interfund Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 59,309	Utility tax equivalent
General Fund	Sewer Utility	1,566	Utility tax equivalent
Special Revenue, Fire and Ambulance Fund	General Fund	<u>84,490</u>	Operating subsidy
Total, fund financial statements		<u>\$ 145,365</u>	
Less fund eliminations		<u>(84,490)</u>	
Total transfers, government-wide statement of activities		<u>\$ 60,875</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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,027,440	\$ -	\$ 100,800	\$ 1,926,640	\$ 103,680
General obligation notes from direct borrowings and direct placements	1,846,431	-	82,869	1,763,562	134,958
(Discounts)/Premiums	<u>46,709</u>	<u>-</u>	<u>2,919</u>	<u>43,790</u>	<u>-</u>
Total bonds and notes payable	<u>3,920,580</u>	<u>-</u>	<u>186,588</u>	<u>3,733,992</u>	<u>238,638</u>
Other liabilities:					
Financing agreement	<u>419,496</u>	<u>-</u>	<u>54,120</u>	<u>365,376</u>	<u>55,950</u>
Total other liabilities	<u>419,496</u>	<u>-</u>	<u>54,120</u>	<u>365,376</u>	<u>55,950</u>
Total governmental activities long-term liabilities	<u>\$ 4,340,076</u>	<u>\$ -</u>	<u>\$ 240,708</u>	<u>\$ 4,099,368</u>	<u>\$ 294,588</u>

Village of Fredonia

Notes to Financial Statements

December 31, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 1,492,560	\$ -	\$ 74,200	\$ 1,418,360	\$ 76,320
General obligation notes from direct borrowings and direct placements	1,486,792	-	56,431	1,430,361	58,406
Revenue bonds	613,054	-	39,285	573,769	39,933
(Discounts)/Premiums	34,383	-	-	34,383	-
Total bonds and notes payable					
Total business-type activities long-term liabilities	<u>\$ 3,626,789</u>	<u>\$ -</u>	<u>\$ 169,916</u>	<u>\$ 3,456,873</u>	<u>\$ 174,659</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$11,852,070. Total general obligation debt outstanding at year end was \$6,538,923.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. Debt in the governmental funds will be retired by future property tax levies. 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.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General Obligation Debt					
2016 Bank Loan	02/17/2016	11/19/2025	3.25%	\$ 800,000	\$ 188,562
2017 G.O. Debt	12/21/2017	12/01/2037	2-3.125	4,700,000	1,926,640
2021 State Trust Fund Loan	07/17/2021	03/15/2041	4.00	1,086,200	1,086,200
2021 State Trust Fund Loan	10/13/2021	03/15/2041	4.00	488,800	488,800
Total governmental activities, general obligation debt					<u>\$ 3,690,202</u>

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General Obligation Debt					
2017 G.O. Debt	12/21/2017	12/01/2037	2-3.125%	\$ 1,730,000	\$ 1,418,360
2020 State Trust Fund Loan	05/08/2020	03/15/2040	3.50	1,549,064	1,430,361
Total business-type activities, general obligation debt					<u>\$ 2,848,721</u>

* The debt noted is directly placed with a third party.

Village of Fredonia

Notes to Financial Statements

December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 103,680	\$ 58,190	\$ 76,320	\$ 42,835
2024	106,560	55,080	78,440	40,545
2025	109,440	51,883	80,560	38,192
2026	112,320	48,600	82,680	35,775
2027	115,200	45,230	84,800	33,295
2028-2032	639,360	171,634	470,640	126,342
2033-2037	740,080	69,750	544,920	51,344
Total	<u>\$ 1,926,640</u>	<u>\$ 500,367</u>	<u>\$ 1,418,360</u>	<u>\$ 368,328</u>

<u>Years</u>	Governmental Activities General Obligation Notes from Direct Borrowings and Direct Placements		Business-Type Activities General Obligation Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 134,958	\$ 79,602	\$ 58,406	\$ 50,063
2024	147,772	66,788	60,318	48,150
2025	76,435	59,602	62,561	45,907
2026	64,372	56,176	64,751	43,718
2027	66,947	53,601	67,017	14,451
2028-2032	376,841	225,899	371,752	170,590
2033-2037	458,683	144,075	441,678	100,663
2038-2041	437,554	44,638	303,878	21,525
Total	<u>\$ 1,763,562</u>	<u>\$ 730,381</u>	<u>\$ 1,430,361</u>	<u>\$ 495,067</u>

The Village's outstanding notes from direct borrowing and direct placements related to governmental activities of \$1,763,562 contain a provision that in an event of default, outstanding amounts being immediately due and payable. The Village's outstanding notes from direct borrowing and direct placements related to business-type activities of \$1,430,361 contain provisions that any delinquent payments are subject to a penalty of one percent per month and that any delinquent amounts shall be deducted from any state payments that are due to the municipality.

Revenue Debt

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

The water utility has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the Fredonia Avenue watermain project. The bonds are payable solely from water revenues and are payable through 2035. Annual principal and interest payments on the bonds are expected to require 31.29% of net revenues. The total principal and interest remaining to be paid on the bonds is \$637,473. Principal and interest paid for the current year and total customer net revenues were \$49,071 and \$18,774, respectively.

Village of Fredonia

Notes to Financial Statements
December 31, 2022

The Village's outstanding revenue debt from direct borrowings and direct placements related to business-type activities of \$573,769 contain a provision that in an event of default, outstanding amounts are recoverable by the state by deducting those amounts from any State payments due to the municipality, adding a special charge to the amount of taxes apportioned to and levied upon the county in which the municipality is located or to collect user fees from the operation of the municipality's water and sewer system.

Revenue debt payable at December 31, 2022, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Water Utility</u>					
2015 Revenue Bond	06/24/2015	05/01/2035	1.65%	\$ 835,730	\$ 573,769
Total business-type activities, revenue debt					<u>\$ 573,769</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 39,933	\$ 9,138
2024	40,592	8,473
2025	41,262	7,798
2026	41,943	7,112
2027	42,635	6,416
2028-2032	223,961	21,193
2033-2035	143,443	3,576
Total	<u>\$ 573,769</u>	<u>\$ 63,706</u>

Other Bonds or Notes or Loans Payable

Other Bonds or Notes or Loans Payable at December 31, 2022 consist of the following:

Governmental Activities

<u>Other Bonds or Notes or Loans Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Financed purchase, Enforcer Pumper	01/23/2020	01/23/2028	3.38%	\$ 471,847	\$ 365,376
Total governmental activities other bonds or notes or loans payable					<u>\$ 365,376</u>

Village of Fredonia

Notes to Financial Statements

December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Other Bonds or Notes or Loans Payable	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 55,950	\$ 12,350
2024	57,841	10,459
2025	59,796	8,504
2026	61,817	6,482
2027	63,906	4,393
2028	66,066	2,233
Total	<u>\$ 365,376</u>	<u>\$ 44,421</u>

Lease Disclosures

Lessor - Lease Receivables

<u>Business-Type Activities</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>				
Cell tower lease	01/22/2022	12/31/2027	2.00%	\$ 60,087
Cell tower lease	08/29/2022	12/31/2027	2.00%	13,630
Cell tower lease	07/01/2022	12/31/2023	2.00%	1,198
Total business-type activities				<u>\$ 74,915</u>

The Village recognized \$25,941 of lease revenue during the fiscal year.

The Village recognized \$1,636 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 2,949,902
Intangibles	16,000
Other capital assets, net of accumulated depreciation	9,769,755
Less long-term debt outstanding	(4,057,348)
Less unamortized debt premium	<u>(43,790)</u>
Total net investment in capital assets	<u>\$ 8,634,519</u>

Village of Fredonia

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

Nonspendable

Major Fund:

General Fund:

Noncurrent receivables \$ 2,399

Total \$ 2,399

Restricted

Major Funds:

General Fund:

Impact fees \$ 20,373

Capital Projects Fund:

TID 3 204,382

Debt Service Fund:

Debt Service 2,007

Total \$ 226,762

Committed

Major Fund:

Special Revenue Fund:

Fire and Ambulance Fund \$ 160,231

Unassigned (Deficit)

Major Fund:

General Fund

\$ 287,939

General Capital Projects

(72,719)

Total \$ 215,220

Business-Type Activities

Net investment in capital assets:

Land \$ 15,798

Construction in progress 51,610

Intangible assets 10,000

Other capital assets, net of accumulated depreciation 7,062,901

Less long-term debt outstanding (3,422,490)

Less unamortized debt premium (34,383)

Total net investment in capital assets \$ 3,683,436

4. Other Information

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 and 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 active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

Defined Contribution Plan

The Village provides pension benefits for all employees working in excess of 1,200 hours per year through a defined contribution plan through Lincoln Financial, where benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon reaching age 21 and having completed one year of service. The Village's contribution to the plan has been periodically adjusted and for 2022 was equal to 5.5% of the employee's pay (including overtime and board meeting pay) as determined at the end of the year. The Village's contributions for each employee (and interest allocated to the employee's account) are vested at 20% per year after two years (fully vested after 6 years) of continuous service. Village contributions for and interest forfeited by, employees who leave employment before six years of service are used to reduce employer contributions.

The Village's total payroll for 2022 was \$522,896 of which \$278,652 was covered under the pension plan. The Village's contribution to the plan for 2022 was \$17,363. As of December 31, 2022, 5 of the 8 plan participants were fully vested.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Fredonia

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 535,923	\$ 535,987	\$ 64
Intergovernmental	467,048	381,066	(85,982)
Licenses and permits	56,974	42,051	(14,923)
Fines, forfeitures and penalties	2,300	3,875	1,575
Public charges for services	10,895	4,595	(6,300)
Investment income	7,440	18,979	11,539
Miscellaneous revenues	<u>29,614</u>	<u>94,332</u>	<u>64,718</u>
Total revenues	<u>1,110,194</u>	<u>1,080,885</u>	<u>(29,309)</u>
Expenditures			
Current:			
General government	274,495	293,932	(19,437)
Public safety	319,733	313,516	6,217
Public works	354,811	453,948	(99,137)
Culture, recreation and education	71,411	69,229	2,182
Conservation and development	<u>33,200</u>	<u>12,717</u>	<u>20,483</u>
Total expenditures	<u>1,053,650</u>	<u>1,143,342</u>	<u>(89,692)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,544</u>	<u>(62,457)</u>	<u>(119,001)</u>
Other Financing Sources (Uses)			
Transfers in	62,350	60,875	(1,475)
Transfers out	<u>(194,421)</u>	<u>(84,490)</u>	<u>109,931</u>
Total other financing sources (uses)	<u>(132,071)</u>	<u>(23,615)</u>	<u>108,456</u>
Net change in fund balance	<u>\$ (75,527)</u>	<u>(86,072)</u>	<u>\$ (10,545)</u>
Fund Balance, Beginning		<u>396,783</u>	
Fund Balance, Ending		<u>\$ 310,711</u>	

See notes to required supplementary information

Village of Fredonia

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Fire and Ambulance - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 13,300	\$ 21,156	\$ 7,856
Public charges for services	154,760	246,089	91,329
Intergovernmental charges for services	29,200	31,010	1,810
Investment income	10	126	116
Miscellaneous revenues	<u>-</u>	<u>4,298</u>	<u>4,298</u>
Total revenues	<u>197,270</u>	<u>302,679</u>	<u>105,409</u>
Expenditures			
Current:			
Public safety	249,660	278,878	(29,218)
Capital outlay	<u>32,100</u>	<u>51,610</u>	<u>(19,510)</u>
Total expenditures	<u>281,760</u>	<u>330,488</u>	<u>(48,728)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,490)</u>	<u>(27,809)</u>	<u>56,681</u>
Other Financing Sources			
Transfers in	<u>84,490</u>	<u>84,490</u>	<u>-</u>
Total other financing sources	<u>84,490</u>	<u>84,490</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>56,681</u>	<u>\$ 56,681</u>
Fund Balance, Beginning		<u>103,550</u>	
Fund Balance, Ending		<u><u>\$ 160,231</u></u>	

See notes to required supplementary information

Village of Fredonia

Notes to Required Supplementary Information
Year Ended December 31, 2022

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.

SUPPLEMENTARY INFORMATION

Village of Fredonia

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Taxes			
General property taxes	\$ 535,923	\$ 535,987	\$ 64
Intergovernmental Revenues			
State shared revenues	198,445	192,019	(6,426)
Fed EMS, operating	104,081	43,740	(60,341)
State aid, law enforcement improvement	-	160	160
State aid, law enforcement improvement	18,000	-	(18,000)
State aid, recycling	6,699	6,682	(17)
Other state payments	10,654	9,654	(1,000)
State aid, general transportation aids	129,169	128,811	(358)
Total intergovernmental revenues	467,048	381,066	(85,982)
Licenses and Permits			
Liquor and malt beverage licenses	2,020	1,730	(290)
Operators' license	900	1,190	290
Cigarette licenses	50	50	-
Dog and cat licenses	520	384	(136)
Cable television franchise fees	21,834	15,476	(6,358)
Other business and occupational licenses	30	467	437
Building permits	30,070	20,950	(9,120)
Zoning permits and fees	500	925	425
Other regulatory permits and fees	50	25	(25)
Other permits	1,000	854	(146)
Total licenses and permits	56,974	42,051	(14,923)
Fines, Forfeitures and Penalties			
Court penalties and costs	2,000	3,515	1,515
Parking violations	300	360	60
Total fines, forfeitures and penalties	2,300	3,875	1,575
Public Charges for Services			
Photocopies	35	30	(5)
Park rental	4,200	4,100	(100)
Parks	5,850	-	(5,850)
Economic development	720	465	(255)
Plan review fees	90	-	(90)
Total public charges for services	10,895	4,595	(6,300)
Investment Income			
Interest on investments	4,450	18,979	14,529
Gains / losses on investments	2	-	(2)
Interest on special assessments	2,988	-	(2,988)
Total investment income	7,440	18,979	11,539
Miscellaneous Revenues			
Rent	25,141	59,023	33,882
Other miscellaneous	4,473	35,309	30,836
Total miscellaneous revenues	29,614	94,332	64,718

Village of Fredonia

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Financing Sources			
Transfer in, tax equivalent	\$ 62,350	\$ 60,875	\$ (1,475)
Total other financing sources	<u>62,350</u>	<u>60,875</u>	<u>(1,475)</u>
Total revenues and other financing sources	<u>\$ 1,172,544</u>	<u>\$ 1,141,760</u>	<u>\$ (30,784)</u>

Village of Fredonia

Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
General Government			
Council/Board	\$ 23,062	\$ 30,550	\$ (7,488)
Mayor	6,595	6,902	(307)
Clerk	69,961	88,292	(18,331)
Elections	8,600	5,851	2,749
Assessment of property	7,500	4,950	2,550
Independent auditing	13,000	19,978	(6,978)
Legal counseling	7,900	5,251	2,649
General buildings/plant/hall	8,958	38,350	(29,392)
Property and liability insurance	57,911	63,310	(5,399)
Health insurance	40,251	-	40,251
Workers compensation	18,000	20,177	(2,177)
Life insurance	2,099	-	2,099
Pension	9,758	9,195	563
Copy machine	900	1,126	(226)
Total general government	<u>274,495</u>	<u>293,932</u>	<u>(19,437)</u>
Public Safety			
Police	115,740	93,620	22,120
Suppression	44,624	61,518	(16,894)
Hydrant rental	152,440	152,440	-
Building inspection	5,971	5,622	349
Electrical inspection	958	316	642
Total public safety	<u>319,733</u>	<u>313,516</u>	<u>6,217</u>
Public Works			
Machinery operation and maintenance	36,689	27,592	9,097
Buildings and grounds operations	56,465	93,386	(36,921)
Highway and street maintenance for local	44,432	74,004	(29,572)
Snow and ice control	28,456	20,028	8,428
Street lighting	62,900	53,315	9,585
Storm sewer maintenance	8,153	3,223	4,930
Refuse and garbage collection	83,000	138,618	(55,618)
Solid waste disposal	1,607	1,271	336
Recycling	27,011	37,040	(10,029)
Other sanitation	6,098	5,471	627
Total public works	<u>354,811</u>	<u>453,948</u>	<u>(99,137)</u>
Culture, Recreation and Education			
Parks	64,744	68,630	(3,886)
Other summer recreation	6,667	599	6,068
Total culture, recreation and education	<u>71,411</u>	<u>69,229</u>	<u>2,182</u>
Conservation and Development			
Forestry	9,407	7,005	2,402
Economic development	23,793	5,712	18,081
Total conservation and development	<u>33,200</u>	<u>12,717</u>	<u>20,483</u>
Other Financing Uses			
Transfers out	194,421	-	194,421
Total expenditures and other financing uses	<u>\$ 1,248,071</u>	<u>\$ 1,143,342</u>	<u>\$ 104,729</u>

FORM OF LEGAL OPINION

(See following pages)

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

February 22, 2024

Re: Village of Fredonia, Wisconsin ("Issuer")
\$5,210,000 General Obligation Corporate Purpose Bonds, Series 2024A,
dated February 22, 2024 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$ 60,000	____%
2026	225,000	____
2027	220,000	____
2028	225,000	____
2029	235,000	____
2030	245,000	____
2031	255,000	____
2032	260,000	____
2033	265,000	____
2034	280,000	____
2035	290,000	____
2036	300,000	____
2037	315,000	____
2038	325,000	____
2039	340,000	____
2040	360,000	____
2041	370,000	____
2042	520,000	____
2043	120,000	____

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2025.

The Bonds maturing on March 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2032 or on any date thereafter. Said Bonds are

redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Fredonia, Ozaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$5,210,000 General Obligation Corporate Purpose Bonds, Series 2024A, dated February 22, 2024 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on December 7, 2023 and February 1, 2024 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated February 1, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

"Issuer Contact" means the Village Clerk of the Issuer who can be contacted at 242 Fredonia Avenue, P.O. Box 159, Fredonia, Wisconsin 53021, phone (262) 692-9125, fax (262) 692-2883.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

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

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

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

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the

Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 22nd day of February, 2024.

(SEAL)

Daniel Gehrke
President

Michelle Johnson
Village Clerk

APPENDIX E

NOTICE OF SALE

\$5,210,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2024A VILLAGE OF FREDONIA, WISCONSIN

Bids for the purchase of \$5,210,000* General Obligation Corporate Purpose Bonds, Series 2024A (the "Bonds") of the Village of Fredonia, 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 bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on February 1, 2024, 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 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the Village, for the public purposes of financing street improvements, water system improvements, sewer system improvements, park improvements, constructing engine houses and TID No. 3 infrastructure improvements. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated February 22, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$60,000	2032	\$260,000	2039	\$340,000
2026	225,000	2033	265,000	2040	360,000
2027	220,000	2034	280,000	2041	370,000
2028	225,000	2035	290,000	2042	520,000
2029	235,000	2036	300,000	2043	120,000
2030	245,000	2037	315,000		
2031	255,000	2038	325,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The Village has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after March 1, 2033 shall be subject to optional redemption prior to maturity on March 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about February 22, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

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

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

SUBMISSION OF BIDS

Bids must not be for less than \$5,144,875, nor more than \$5,626,800, plus accrued interest on the principal sum of \$5,210,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$104,200 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 Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

(c) If all of the requirements of a "competitive sale" are not satisfied, the Village shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the 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 Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

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

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

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

The Village acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

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

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

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

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

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

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

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

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

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

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

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

(i) "public" means any person other than an underwriter or a related party,

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Village Board

Michelle Johnson, Village Clerk
Village of Fredonia, Wisconsin

BID FORM

The Village Board
Village of Fredonia, Wisconsin (the "Village")

February 1, 2024

RE: \$5,210,000* General Obligation Corporate Purpose Bonds, Series 2024A (the "Bonds")
DATED: February 22, 2024

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$5,144,875, nor more than \$5,626,800) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	_____ % due 2040
_____ % due 2027	_____ % due 2034	_____ % due 2041
_____ % due 2028	_____ % due 2035	_____ % due 2042
_____ % due 2029	_____ % due 2036	_____ % due 2043
_____ % due 2030	_____ % due 2037	
_____ % due 2031	_____ % due 2038	

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

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

A good faith deposit ("Deposit") in the amount of \$104,200 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 Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. 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 Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about February 22, 2024.

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 Official Statement for the Bonds.

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

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

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

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

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 22, 2024 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the Village Board of the Village of Fredonia, Wisconsin, on February 1, 2024.

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