

PRELIMINARY OFFICIAL STATEMENT DATED MAY 23, 2024

In the opinion of Husch Blackwell LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

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

VILLAGE OF WAUNAKEE, WISCONSIN (Dane County)

\$9,040,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: June 3, 2024, 10:30 A.M., C.T.

CONSIDERATION: June 3, 2024, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$9,040,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of Waunakee, Wisconsin (the "Village"), for public purpose of paying certain costs including but not limited to street, park, and stormwater management improvements, construction of an addition to the police station, and professional and financing fees. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

DATE OF NOTES: June 26, 2024

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$270,000	2032	\$390,000	2039	\$495,000
2026	685,000	2033	400,000	2040	510,000
2027	330,000	2034	415,000	2041	535,000
2028	345,000	2035	430,000	2042	560,000
2029	355,000	2036	445,000	2043	585,000
2030	365,000	2037	460,000	2044	610,000
2031	380,000	2038	475,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on June 1, 2034 and thereafter are subject to call for prior optional redemption on June 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$8,927,000.

MAXIMUM BID: \$9,763,200.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$180,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Husch Blackwell LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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

REPRESENTATIONS

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

This Preliminary Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Notes.

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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VILLAGE OF WAUNAKEE VILLAGE BOARD

		<u>Term Expires</u>
Kristin Runge	Village President	April 2025
Tricia Braun	Village Trustee	April 2025
Nila Frye	Village Trustee	April 2026
Sam Kaufmann	Village Trustee	April 2025
Robert McPherson	Village Trustee	April 2025
Erin Moran	Village Trustee	April 2026
Joe Zitzelsberger	Village Trustee	April 2026

ADMINISTRATION

Todd Schmidt, Village Administrator

Renee Meinholz, Finance Director

Karla Endres, Village Clerk

PROFESSIONAL SERVICES

Bryan Kleinmaier, Stafford Law, Village Attorney, Madison, Wisconsin

Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Waunakee, Wisconsin (the "Village") and the issuance of its \$9,040,000* General Obligation Promissory Notes, Series 2024A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Village Board on June 3, 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 Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 26, 2024. The Notes will mature on June 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after June 1, 2034 shall be subject to optional redemption prior to maturity on June 1, 2033 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 Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purpose of paying certain costs including but not limited to street, park, and stormwater management improvements, construction of an addition to the police station, and professional and financing fees.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$9,040,000	
Estimated Interest Earnings	<u>350,000</u>	
Total Sources		\$9,390,000
Uses		
Estimated Underwriter's Discount	\$113,000	
Costs of Issuance	92,600	
Deposit to Project Construction Fund	9,180,000	
Rounding Amount	<u>4,400</u>	
Total Uses		\$9,390,000

*Preliminary, subject to change.

SECURITY

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

RATING

General obligation debt of the Village is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The Village has requested an underlying rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

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

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

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

The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes 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 Notes is taken into account in determining "annual adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes.

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

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

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

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

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Notes") 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 Note over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Notes were sold (issue price). With respect to a taxpayer who purchases a Discounted Note in the initial public offering at the issue price and who holds such Discounted Note 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 Note 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 Note 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 Note, on days that are determined by reference to the maturity date of such Discounted Note. The amount treated as original issue discount on a Discounted Note for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Note (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Note 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 Note during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Note the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Note 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 Note is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Note (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Note 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 Notes may result in certain collateral federal income tax consequences for the owners of such Discounted Notes. 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 Notes at a price other than the issue price or who purchase such Discounted Notes in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Notes. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Notes 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 Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Notes.

BOND PREMIUM

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

Any Premium Note purchased in the initial offering at the issue price will have "amortizable premium" within the meaning of Section 171 of the Code. The amortizable premium of each Premium Note is calculated on a daily basis from the issue date of such Premium Note 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 Note that has amortizable premium is not allowed any deduction for the amortizable premium; rather the amortizable premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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 Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$3,066,940,300
2023 Equalized Value Reduced by Tax Increment Valuation	\$2,837,514,400
2023 Assessed Value	\$2,866,398,600

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value¹	Percent of Total Equalized Value
Residential	\$2,513,156,300	81.943%
Commercial	430,274,600	14.029%
Manufacturing	86,548,400	2.822%
Agricultural	299,800	0.010%
Undeveloped	269,700	0.009%
Ag Forest	201,300	0.007%
Other	1,042,000	0.034%
Personal Property	<u>35,148,200</u>	<u>1.146%</u>
 Total	 <u><u>\$3,066,940,300</u></u>	 <u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2019	\$1,969,664,900	\$2,070,712,600	10.17%
2020	2,051,005,200	2,150,021,500	3.83%
2021	2,108,332,700	2,306,924,000	7.30%
2022	2,181,156,500	2,638,409,300	14.37%
2023	2,866,398,600	3,066,940,300	16.24%

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
2023 Main LLC	Apartment Complex	\$24,578,228	0.80%
Uniek Drive Property Group LLC	Warehouse	19,178,018	0.63%
GAHC4 Waunakee Wisconsin SC LLC	Nursing home/Assisted Living	18,033,585	0.59%
1101 Connery Cove LLC	Apartment Complex	17,637,806	0.58%
Nord Gear Corporation	Manufacturing	14,207,504	0.46%
Scientific Protein Laboratories	Manufacturing	13,499,831	0.44%
Madison and Main LLC	Apartment Complex	12,546,066	0.41%
Octopi Brewing LLC	Manufacturing	10,143,678	0.33%
805 Uniek LLC	Commercial	9,882,821	0.32%
At Home Again Waunakee LLC	Assisted Living/Memory Care	<u>9,125,608</u>	<u>0.30%</u>
Total		\$148,833,143	4.85%
Village's Total 2023 Equalized Value ²		\$3,066,940,300	

Source: The Village.

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

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	\$34,875,000
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Revenue Debt (see schedules following)

Total revenue debt secured by electric and water revenues	\$1,680,000
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Total revenue debt secured by sewer revenues	\$940,000
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DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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	\$3,066,940,300
Multiply by 5%	0.05
Statutory Debt Limit ²	\$153,347,015
Less: General Obligation Debt*	(34,875,000)
Unused Debt Limit*	\$118,472,015

*Preliminary, subject to change.

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

² The Village has adopted Debt Policies that provide the following affordability and debt profile targets: (a) the total principal amount of G.O. debt outstanding will not exceed 2.5% of the Village's total equalized value; (b) annual debt service expenditures will not exceed 30% of total budgeted tax levy related expenditures; and 3) the Village's equalized tax rate for debt service will not exceed \$2.25 per thousand of equalized value.

Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/26/2024)

	Taxable Refunding Bonds Series 2011B		Taxable Community Development Bonds Series 2015A		General Obligation Bonds Series 2016A		Corporate Purpose Bonds Series 2016C		Corporate Purpose Bonds Series 2017A	
Dated	11/08/2011		11/19/2015		01/06/2016		12/15/2016		01/12/2017	
Amount	\$1,345,000		\$1,355,000		\$6,055,000		\$2,920,000		\$8,855,000	
Maturity	05/01		11/01		04/01		05/01		06/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	15,196	120,000	14,298	0	47,075	0	16,496	0	95,744
2025	75,000	28,836	120,000	24,995	225,000	91,900	265,000	30,343	495,000	184,063
2026	75,000	25,630	145,000	21,395	260,000	86,400	290,000	24,648	540,000	168,538
2027	95,000	21,890	145,000	16,973	265,000	79,838	285,000	18,396	550,000	152,188
2028	100,000	17,550	165,000	12,260	300,000	72,775	310,000	11,470	570,000	135,388
2029	100,000	13,000	190,000	6,650	325,000	64,556	310,000	3,875	570,000	118,288
2030	100,000	8,350			325,000	55,619			580,000	101,038
2031	125,000	3,000			315,000	46,425			425,000	85,963
2032					340,000	36,600			435,000	73,063
2033					350,000	26,250			465,000	58,981
2034					350,000	15,750			490,000	43,463
2035					350,000	5,250			500,000	27,375
2036									550,000	9,625
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	670,000	133,453	885,000	96,570	3,405,000	628,438	1,460,000	105,228	6,170,000	1,253,713

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Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/26/2024)

	Corporate Purpose Bonds Series 2018A		Corporate Purpose Bonds Series 2020A		Corporate Purpose Bonds Series 2022A		Promissory Notes Series 2024A							
Dated	06/07/2018		04/29/2020		05/18/2022		06/26/2024							
Amount	\$7,450,000		\$9,620,000		\$3,485,000		\$9,040,000*							
Maturity	06/01		06/01		06/01		06/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	91,659	0	51,403	0	61,325	0	0	120,000	393,195	513,195	34,755,000	.34%	2024
2025	335,000	178,293	585,000	94,030	145,000	119,025	270,000	468,670	2,515,000	1,220,154	3,735,154	32,240,000	7.56%	2025
2026	340,000	168,168	410,000	79,105	150,000	111,650	685,000	308,972	2,895,000	994,505	3,889,505	29,345,000	15.86%	2026
2027	350,000	157,818	420,000	66,655	155,000	104,025	330,000	291,141	2,595,000	908,922	3,503,922	26,750,000	23.30%	2027
2028	360,000	147,168	430,000	53,905	160,000	96,150	345,000	279,812	2,740,000	826,477	3,566,477	24,010,000	31.15%	2028
2029	375,000	136,143	430,000	43,155	165,000	88,025	355,000	268,630	2,820,000	742,322	3,562,322	21,190,000	39.24%	2029
2030	445,000	123,843	455,000	34,305	220,000	78,400	365,000	257,255	2,490,000	658,809	3,148,809	18,700,000	46.38%	2030
2031	460,000	110,268	455,000	25,205	225,000	69,525	380,000	245,521	2,385,000	585,906	2,970,906	16,315,000	53.22%	2031
2032	480,000	95,868	295,000	17,705	230,000	62,700	390,000	233,335	2,170,000	519,270	2,689,270	14,145,000	59.44%	2032
2033	495,000	80,633	215,000	12,498	195,000	56,325	400,000	220,734	2,120,000	455,421	2,575,421	12,025,000	65.52%	2033
2034	490,000	64,936	225,000	7,765	175,000	50,775	415,000	207,694	2,145,000	390,383	2,535,383	9,880,000	71.67%	2034
2035	390,000	50,393	230,000	2,645	170,000	45,600	430,000	194,067	2,070,000	325,329	2,395,329	7,810,000	77.61%	2035
2036	405,000	36,977			210,000	39,900	445,000	179,714	1,610,000	266,216	1,876,216	6,200,000	82.22%	2036
2037	420,000	22,793			235,000	33,225	460,000	164,484	1,115,000	220,501	1,335,501	5,085,000	85.42%	2037
2038	435,000	7,721			220,000	26,400	475,000	148,068	1,130,000	182,189	1,312,189	3,955,000	88.66%	2038
2039					240,000	18,900	495,000	130,360	735,000	149,260	884,260	3,220,000	90.77%	2039
2040					225,000	10,763	510,000	110,748	735,000	121,510	856,510	2,485,000	92.87%	2040
2041					195,000	3,413	535,000	88,924	730,000	92,336	822,336	1,755,000	94.97%	2041
2042							560,000	65,431	560,000	65,431	625,431	1,195,000	96.57%	2042
2043							585,000	40,379	585,000	40,379	625,379	610,000	98.25%	2043
2044							610,000	13,725	610,000	13,725	623,725	0	100.00%	2044
	5,780,000	1,472,676	4,150,000	488,375	3,315,000	1,076,125	9,040,000	3,917,661	34,875,000	9,172,238	44,047,238			

* Preliminary, subject to change.

Village of Waunakee, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Electric and Water Revenues
 (As of 06/26/2024)

	Water & Electric System Revenue Bonds Series 2011		Water & Electric System Revenue Bonds Series 2013A		Water & Electric System Revenue Refunding Bonds Series 2016B							Calendar Year Ending
Dated Amount	12/21/2011 \$3,845,000		03/14/2013 \$3,385,000		09/01/2016 \$1,000,000							
Maturity	10/01		10/01		10/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	
2024	400,000	13,875	225,000	5,234	105,000	2,605	730,000	21,714	751,714	950,000	43.45%	2024
2025	250,000	15,750	230,000	5,405	105,000	3,635	585,000	24,790	609,790	365,000	78.27%	2025
2026	250,000	8,000			115,000	1,955	365,000	9,955	374,955	0	100.00%	2026
	900,000	37,625	455,000	10,639	325,000	8,195	1,680,000	56,459	1,736,459			

**Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewerage Revenues
(As of 06/26/2024)**

**Sewerage System Revenue Bonds
Series 2013B**

Dated Amount	03/14/2013 \$2,325,000
Maturity	05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	12,721	0	12,721	12,721	940,000	.00%	2024
2025	145,000	23,630	145,000	23,630	168,630	795,000	15.43%	2025
2026	150,000	19,943	150,000	19,943	169,943	645,000	31.38%	2026
2027	155,000	15,936	155,000	15,936	170,936	490,000	47.87%	2027
2028	160,000	11,605	160,000	11,605	171,605	330,000	64.89%	2028
2029	160,000	7,125	160,000	7,125	167,125	170,000	81.91%	2029
2030	170,000	2,423	170,000	2,423	172,423	0	100.00%	2030
	940,000	93,383	940,000	93,383	1,033,383			

OVERLAPPING DEBT¹

Taxing District	Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$99,140,491,900	3.0935%	\$599,005,000	\$18,530,220
Madison Area Technical Collect District	135,661,750,195	2.2607%	173,990,000	3,933,392
Waunakee School District	4,879,197,335	58.1554%	146,060,000	84,941,777
Madison Sewerage District	72,956,533,472	4.2038%	116,284,445	<u>4,888,365</u>
Village's Share of Total Overlapping Debt				<u>\$112,293,754</u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$3,066,940,300	Debt/ Per Capita 16,165 ⁴
Total General Obligation Debt*	\$34,875,000	1.14%	\$2,157.44
Village's Share of Total Overlapping Debt	<u>112,293,754</u>	<u>3.66%</u>	<u>\$6,946.72</u>
Total*	\$147,168,754	4.80%	\$9,104.16

*Preliminary, subject to change.

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

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	\$10,884,472	100%	\$5.64
2020/21	11,152,149	100%	5.73
2021/22	11,951,892	100%	5.68
2022/23	12,783,153	100%	5.27
2023/24	13,357,086	In Process	4.71

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	\$11.74	\$2.90	\$5.64	\$20.28
2020/21	11.75	2.87	5.73	20.35
2021/22	11.70	2.89	5.68	20.27
2022/23	10.41	2.72	5.27	18.40
2023/24	9.63	2.76	4.71	17.10

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%.

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

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

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by 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 Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

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 \$515,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$142,000 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 1892 and is governed by a Board of Trustees which consists of the President and six Trustees. The President is a voting member of the Board of Trustees. All are elected to staggered two-year terms. The appointed Administrator, Village Clerk and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 91 full-time, 43 part-time, and 152 seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$404,176, \$422,002 and \$461,194, respectively.

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, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion. 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. Accordingly, the Village will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2023.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2022, the Village reported an asset of \$2,879,683 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was 0.03572727% of the aggregate WRS net pension asset as of December 31, 2021.

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

The following bargaining unit represents employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association	December 31, 2025

OTHER POST EMPLOYMENT BENEFITS

The Village provides other post-employment benefits ("OPEB") through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2022, the Village's portion of contributions to the LRLIF totaled \$3,344. For Fiscal Year 2022, the Village reported a liability of \$965,849 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2021 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.16341600% of the aggregate LRLIF net OPEB liability as of December 31, 2021.

The calculation of the total OPEB 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 OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 4 in the "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of March 31, 2024)

Fund	Total Cash and Investments
General	\$9,426,212
Park Impact	990,432
Library	134,332
Senior Center	851,670
Senior Center Fundraising	14,136
Village Center	1,085,252
Park Reservation	50,629
Community Development/Betterment	27,200
Housing Betterment	166,835
Grants	336,366
Debt Service	3,345,258
Tax Increment Districts	5,323,639
Capital Improvements	3,084,213
Electric Utility	6,246,591
Water Utility	3,068,457
Sewer Utility	4,683,427
Equipment Replacement	1,198,182
Village Hall Remodeling	<u>15,340</u>
Total Funds on Hand	<u><u>\$40,048,171</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	2023 Audited
Electric				
Total Operating Revenues	\$12,825,159	\$14,097,804	\$15,223,789	\$15,136,325
Less: Operating Expenses	<u>(11,790,041)</u>	<u>(12,966,243)</u>	<u>(14,083,506)</u>	<u>(14,157,873)</u>
Operating Income	\$1,035,118	\$1,131,561	\$1,140,283	\$978,452
Plus: Depreciation	967,639	977,748	1,017,814	1,088,268
Interest Income	<u>106,372</u>	<u>(16,344)</u>	<u>(185,470)</u>	<u>369,786</u>
Revenues Available for Debt Service	<u><u>\$2,109,129</u></u>	<u><u>\$2,092,965</u></u>	<u><u>\$1,972,627</u></u>	<u><u>\$2,436,506</u></u>
Water				
Total Operating Revenues	\$2,397,081	\$2,519,988	\$2,429,083	\$2,667,174
Less: Operating Expenses	<u>(1,418,252)</u>	<u>(1,711,332)</u>	<u>(1,933,610)</u>	<u>(1,778,936)</u>
Operating Income	\$978,829	\$808,656	\$495,473	\$888,238
Plus: Depreciation	596,577	600,986	640,139	700,877
Interest Income	<u>31,148</u>	<u>(5,314)</u>	<u>47,927</u>	<u>193,765</u>
Revenues Available for Debt Service	<u><u>\$1,606,554</u></u>	<u><u>\$1,404,328</u></u>	<u><u>\$1,183,539</u></u>	<u><u>\$1,782,880</u></u>
Sewer				
Total Operating Revenues	\$2,854,707	\$3,501,025	\$3,500,113	\$3,752,781
Less: Operating Expenses	<u>(2,695,582)</u>	<u>(2,871,802)</u>	<u>(3,069,848)</u>	<u>(3,366,907)</u>
Operating Income	\$159,125	\$629,223	\$430,265	\$385,874
Plus: Depreciation	292,879	(38,667)	339,085	375,110
Interest Income	<u>40,078</u>	<u>(7,445)</u>	<u>(58,784)</u>	<u>150,937</u>
Revenues Available for Debt Service	<u><u>\$492,082</u></u>	<u><u>\$583,111</u></u>	<u><u>\$710,566</u></u>	<u><u>\$911,921</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				
	2020 Audited	2021 Audited	2022 Audited	2023 Draft Audit	2024 Adopted Budget ¹
Revenues					
Taxes	\$6,053,717	\$6,110,382	\$6,728,839	\$7,075,972	\$7,657,642
Intergovernmental	1,763,791	1,527,503	1,559,834	1,606,643	1,925,173
Licenses and permits	429,161	630,250	571,126	655,631	312,845
Fines, forfeitures and penalties	53,313	58,486	68,659	51,459	61,150
Public charges for services	1,196,691	1,327,649	1,659,952	2,341,970	946,420
Intergovernmental charges for services	105,197	119,843	192,144	208,170	221,660
Investment income (loss)	0	0	(348,831)	496,617	150,000
Miscellaneous revenues	545,621	233,258	210,236	305,272	78,706
Total Revenues	\$10,147,491	\$10,007,371	\$10,641,959	\$12,741,734	\$11,353,596
Expenditures					
Current:					
General government	\$1,534,963	\$1,485,647	\$1,620,806	\$1,832,920	\$2,115,462
Public safety	3,934,092	4,155,873	4,468,804	4,903,866	5,331,159
Public works	2,339,534	2,477,196	2,573,552	2,655,696	2,790,745
Culture and recreation	1,756,559	1,866,097	1,935,596	2,076,290	2,311,847
Conservation and development	605,809	621,476	956,359	1,583,060	219,705
Total Expenditures	\$10,170,957	\$10,606,289	\$11,555,117	\$13,051,832	\$12,768,918
Excess of revenues over (under) expenditures	(\$23,466)	(\$598,918)	(\$913,158)	(\$310,098)	(\$1,415,322)
Other Financing Sources (Uses)					
Transfers in	\$914,656	\$975,289	\$886,446	\$834,497	\$940,000
Transfers (out)	(773,881)	(1,217,769)	(310,240)	(168,188)	0
Total Other Financing Sources (Uses)	140,775	(242,480)	576,206	666,309	940,000
Net changes in Fund Balances	\$117,309	(\$841,398)	(\$336,952)	\$356,211	(\$475,322)
General Fund Balance January 1	\$7,162,332	\$7,279,641	\$6,438,243	\$6,101,291	
General Fund Balance December 31	\$7,279,641	\$6,438,243	\$6,101,291	\$6,457,502	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$1,550,273	\$763,806	\$426,798	\$341,193	
Assigned	2,654,065	2,301,297	2,390,332	2,272,215	
Unassigned	3,075,303	3,373,140	3,284,161	3,844,094	
Total	\$7,279,641	\$6,438,243	\$6,101,291	\$6,457,502	

¹ The 2024 budget was adopted on November 20, 2023.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 14,879 and a current estimated population of 16,165 comprises an area of 6.39 square miles and is located approximately five miles north of Madison, Wisconsin, in south central Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Waunakee Community School District	Elementary and secondary education	672
Nord Gear Corp.	Manufacturing	470
The Village	Municipal government and services	286
Octopi	Brewery and beverage co-packing facility	246
Main Street Piggly Wiggly	Retail grocery	200
Uniek Inc.	Manufacturer of home products	180
Scientific Protein Laboratories, LLC	Manufacture and sale of active pharmaceutical ingredients	175
RenewAire	Energy recovery ventilation technologies	164
Waunakee Valley Senior Living	Nursing home/senior living	136
Dane Manufacturing	Steel fabrication manufacturing	135

Source: The Village.

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 PERMITS

	2020	2021	2022	2023	2024 ¹
<u>New Single Family Homes</u>					
No. of building permits	75	152	96	88	43
Valuation	\$33,468,836	\$60,993,656	\$44,925,182	\$48,072,336	\$23,581,557
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	8	14	2
Valuation	\$0	\$6,900,000	\$48,210,473	\$8,414,522	\$1,027,102
<u>New Commercial/Industrial</u>					
No. of building permits	4	4	2	3	0
Valuation	\$4,321,214	\$20,429,343	\$3,850,000	\$67,600,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	655	822	715	743	255
Valuation	\$51,214,984	\$114,334,895	\$111,410,984	\$140,141,797	\$29,665,884

Source: The Village.

¹ As of April 23, 2024.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	12,097
2020 U.S. Census Population	14,879
Percent of Change 2010 - 2020	23.00%
2023 Estimated Population	16,165

Income and Age Statistics

	The Village	Dane County	State of Wisconsin	United States
2022 per capita income	\$61,414	\$49,280	\$40,130	\$41,261
2022 median household income	\$132,305	\$84,297	\$72,458	\$75,149
2022 median family income	\$158,451	\$117,289	\$92,974	\$92,646
2022 median gross rent	\$1,179	\$1,268	\$992	\$1,268
2022 median value owner occupied units	\$442,700	\$342,900	\$231,400	\$281,900
2022 median age	39.4 yrs.	35.5 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
Village % of 2022 per capita income	153.04%	148.84%
Village % of 2022 median family income	170.43%	171.03%

Housing Statistics

	<u>The Village</u>		
	2020	2022	Percent of Change
All Housing Units	5,537	5,577	0.72%

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>	
	Dane County	Dane County	State of Wisconsin	State of Wisconsin
2020	307,959	4.9%	6.4%	
2021	319,649	2.9%	3.9%	
2022	324,324	2.1%	2.9%	
2023 ¹	331,631	2.3%	3.0%	
2024, March ¹	332,820	2.5%	3.5%	

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 Preliminary Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Notes, the Village represents that there have been no material adverse change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

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

Village of Waunakee

Financial Statements and
Supplementary Information

December 31, 2022

Village of Waunakee

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Independent Auditors' Report

To the Village Board of
Village of Waunakee

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 Waunakee, Wisconsin (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 accompanying 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 the 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 Matters

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.

As discussed in Note 3 to the financial statements, the fund balance of the Debt Service Fund as of January 1, 2022 has been restated to correct a material misstatement due to a change in how loans are accounted for. In addition, the net position of the Governmental Activities as of January 1, 2022 has been restated to correct a material misstatement due to a change in the investment in joint venture amount as a result of an error in the capital assets of the EMS District. Our opinions are not modified with respect to these matters.

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 twelve 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our 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 accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
July 27, 2023

Village of Waunakee

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 15,663,497	\$ 11,739,398	\$ 27,402,895
Receivables (net):			
Taxes	16,758,218	-	16,758,218
Accounts	563,122	1,858,469	2,421,591
Special assessments	1,918	-	1,918
Delinquent personal property taxes	272	-	272
Loans	538,300	-	538,300
Other	56,961	144,667	201,628
Lease	501,753	3,464,037	3,965,790
Due from other governments	48,854	-	48,854
Inventories and prepaid items	426,526	778,193	1,204,719
Internal balances	42,294	(42,294)	-
Restricted assets:			
Cash and investments	790,896	1,490,749	2,281,645
Net pension asset	2,879,683	704,803	3,584,486
Investment in joint ventures	3,219,196	-	3,219,196
Capital assets:			
Land	20,217,382	532,269	20,749,651
Construction work in progress	317,691	436,290	753,981
Capital assets, being depreciated	139,274,952	82,191,239	221,466,191
Less accumulated depreciation	<u>(66,088,457)</u>	<u>(30,824,528)</u>	<u>(96,912,985)</u>
Total assets	<u>135,213,058</u>	<u>72,473,292</u>	<u>207,686,350</u>
Deferred Outflows of Resources			
Deferred loss on refunding	-	33,086	33,086
Pension related amounts	5,665,932	1,378,765	7,044,697
OPEB related amounts	<u>393,851</u>	<u>151,546</u>	<u>545,397</u>
Total deferred outflows of resources	<u>6,059,783</u>	<u>1,563,397</u>	<u>7,623,180</u>

See notes to financial statements

Village of Waunakee

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 373,670	\$ 2,031,684	\$ 2,405,354
Accrued and other current liabilities	657,102	53,402	710,504
Due to other governments	82,609	-	82,609
Deposits	291,562	376,407	667,969
Commitment to community	-	60,174	60,174
Unearned revenues	1,054,701	121,154	1,175,855
Noncurrent liabilities:			
Due within one year	4,058,632	897,134	4,955,766
Due in more than one year	30,519,503	3,146,335	33,665,838
Other postemployment benefits	965,849	339,580	1,305,429
Total liabilities	<u>38,003,628</u>	<u>7,025,870</u>	<u>45,029,498</u>
Deferred Inflows of Resources			
Deferred gain on refunding	635,531	-	635,531
Unearned revenues	16,738,504	-	16,738,504
Pension related amounts	6,786,508	1,661,282	8,447,790
OPEB related amounts	95,948	38,840	134,788
Lease related amounts	501,753	3,464,037	3,965,790
Total deferred inflows of resources	<u>24,758,244</u>	<u>5,164,159</u>	<u>29,922,403</u>
Net Position			
Net investment in capital assets	62,710,669	49,698,289	112,408,958
Restricted for:			
Debt service	234,650	325,241	559,891
Equipment replacement	-	185,041	185,041
Pension	2,879,683	704,803	3,584,486
Parks	790,896	-	790,896
Library	88,170	-	88,170
Senior center	470,449	-	470,449
Community development	10,859	-	10,859
Grants	17,251	-	17,251
Housing betterment	156,215	-	156,215
TIF expenditures	2,158,689	-	2,158,689
Unrestricted	<u>8,993,438</u>	<u>10,933,286</u>	<u>19,926,724</u>
Total net position	<u>\$ 78,510,969</u>	<u>\$ 61,846,660</u>	<u>\$140,357,629</u>

See notes to financial statements

Village of Waunakee

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,745,750	\$ 149,958	\$ -	\$ -	\$ (1,595,792)	\$ -	\$ (1,595,792)
Public safety	4,478,496	319,348	163,178	-	(3,995,970)	-	(3,995,970)
Public works	6,703,102	1,088,025	886,187	760,356	(3,968,534)	-	(3,968,534)
Health and human services	655,537	125,028	135,820	-	(394,689)	-	(394,689)
Culture and recreation	4,445,040	1,328,417	345,804	-	(2,770,819)	-	(2,770,819)
Conservation and development	2,186,388	775,458	-	163,300	(1,247,630)	-	(1,247,630)
Interest and fiscal charges	674,191	-	-	-	(674,191)	-	(674,191)
Total governmental activities	<u>20,888,504</u>	<u>3,786,234</u>	<u>1,530,989</u>	<u>923,656</u>	<u>(14,647,625)</u>	<u>-</u>	<u>(14,647,625)</u>
Business-type activities:							
Electric Utility	14,117,155	15,223,789	-	224,546	-	1,331,180	1,331,180
Water Utility	1,987,928	2,429,083	-	1,278,557	-	1,719,712	1,719,712
Sewer Utility	3,106,377	3,500,113	-	730,396	-	1,124,132	1,124,132
Total business-type activities	<u>19,211,460</u>	<u>21,152,985</u>	<u>-</u>	<u>2,233,499</u>	<u>-</u>	<u>4,175,024</u>	<u>4,175,024</u>
Total	<u>\$ 40,099,964</u>	<u>\$ 24,939,219</u>	<u>\$ 1,530,989</u>	<u>\$ 3,157,155</u>	<u>(14,647,625)</u>	<u>4,175,024</u>	<u>(10,472,601)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					9,292,091	-	9,292,091
Property taxes, levied for debt service					2,659,801	-	2,659,801
Property taxes, levied for TIF districts					4,096,477	-	4,096,477
Other taxes					20,340	-	20,340
Intergovernmental revenues not restricted to specific programs					857,178	-	857,178
Net change of investments in joint ventures					257,276	-	257,276
Investment income (loss)					(165,837)	(196,221)	(362,058)
Gain (loss) on disposal of assets					-	(559,352)	(559,352)
Miscellaneous					70,095	301	70,396
Total general revenues					<u>17,087,421</u>	<u>(755,272)</u>	<u>16,332,149</u>
Transfers					<u>886,446</u>	<u>(886,446)</u>	<u>-</u>
Change in net position					3,326,242	2,533,306	5,859,548
Net Position, Beginning (as restated)					<u>75,184,727</u>	<u>59,313,354</u>	<u>134,498,081</u>
Net Position, Ending					<u>\$ 78,510,969</u>	<u>\$ 61,846,660</u>	<u>\$ 140,357,629</u>

See notes to financial statements

Village of Waunakee

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvements</u>
Assets			
Cash and investments	\$ 6,076,179	\$ 417,198	\$ 4,027,260
Restricted cash and investments	-	-	-
Receivables (net):			
Taxes	7,071,623	2,875,020	1,344,675
Delinquent personal property taxes	272	-	-
Accounts	537,771	-	-
Special assessments	1,918	-	-
Loans	-	375,000	-
Leases	501,753	-	-
Other	56,961	-	-
Due from other funds	296,761	-	-
Due from other governments	22,820	-	-
Prepaid items	426,526	-	-
Advances to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 14,992,584</u>	<u>\$ 3,667,218</u>	<u>\$ 5,371,935</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 150,582	\$ -	\$ 97,338
Accrued liabilities	474,554	-	-
Due to other funds	31,312	-	-
Due to other governments	82,609	-	-
Special deposits	291,562	-	-
Unearned revenues	302,337	-	-
Advances from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,332,956</u>	<u>-</u>	<u>97,338</u>
Deferred Inflows of Resources			
Lease related amounts	501,753	-	-
Unearned revenues	7,056,584	2,875,020	1,340,000
Unavailable revenues	-	375,000	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>7,558,337</u>	<u>3,250,020</u>	<u>1,340,000</u>
Fund Balances			
Nonspendable	426,798	-	-
Restricted	-	417,198	792,044
Committed	-	-	3,142,553
Assigned	2,390,332	-	-
Unassigned (deficit)	3,284,161	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,101,291</u>	<u>417,198</u>	<u>3,934,597</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,992,584</u>	<u>\$ 3,667,218</u>	<u>\$ 5,371,935</u>

See notes to financial statements

<u>TID No. 3</u>	<u>TID No. 6</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 214,011	\$ 1,716,044	\$ 3,212,805	\$ 15,663,497
-	-	790,896	790,896
1,222,898	1,480,447	2,763,555	16,758,218
-	-	-	272
-	-	25,351	563,122
-	-	-	1,918
-	-	163,300	538,300
-	-	-	501,753
-	-	-	56,961
-	-	-	296,761
-	-	26,034	48,854
-	-	-	426,526
-	-	161,078	161,078
<u>\$ 1,436,909</u>	<u>\$ 3,196,491</u>	<u>\$ 7,143,019</u>	<u>\$ 35,808,156</u>

\$ 319	\$ -	\$ 125,431	\$ 373,670
-	-	-	474,554
-	-	223,155	254,467
-	-	-	82,609
-	-	-	291,562
-	-	752,364	1,054,701
<u>161,078</u>	<u>-</u>	<u>-</u>	<u>161,078</u>
<u>161,397</u>	<u>-</u>	<u>1,100,950</u>	<u>2,692,641</u>

-	-	-	501,753
1,222,898	1,480,447	2,763,555	16,738,504
-	-	163,300	538,300
<u>1,222,898</u>	<u>1,480,447</u>	<u>2,926,855</u>	<u>17,778,557</u>

-	-	-	426,798
52,614	1,716,044	1,923,871	4,901,771
-	-	1,414,498	4,557,051
-	-	-	2,390,332
-	-	(223,155)	3,061,006
<u>52,614</u>	<u>1,716,044</u>	<u>3,115,214</u>	<u>15,336,958</u>

<u>\$ 1,436,909</u>	<u>\$ 3,196,491</u>	<u>\$ 7,143,019</u>	<u>\$ 35,808,156</u>
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See notes to financial statements

Village of Waunakee

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

Total Fund Balances, Governmental Funds	\$ 15,336,958
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. See Note 3.	93,721,568
Investments in joint ventures are not financial resources and, therefore, are not reported in the funds.	3,219,196
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. See Note 3.	538,300
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	2,879,683
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	5,665,932
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(6,786,508)
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	393,851
Deferred inflows of resources related to other postemployment do not relate to current financial resources and are not reported in the governmental funds.	(95,948)
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	(32,394,219)
Compensated absences	(1,302,082)
Accrued interest	(182,548)
Unamortized premium on debt	(881,834)
Other postemployment benefits	(965,849)
A deferred gain on refunding represents a acquisition of net position that applies to a future period and, therefore, is not reported in the funds.	<u>(635,531)</u>
Net Position of Governmental Activities	<u>\$ 78,510,969</u>

See notes to financial statements

Village of Waunakee

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvements</u>
Revenues			
Taxes	\$ 6,728,839	\$ 2,659,801	\$ 1,155,000
Intergovernmental	1,559,834	-	-
Licenses and permits	571,126	151,540	-
Fines, forfeitures and penalties	68,659	-	-
Public charges for services	1,659,952	-	99,923
Intergovernmental charges for services	192,144	-	-
Investment income (loss)	(348,831)	10,030	61,359
Miscellaneous revenues	<u>210,236</u>	<u>-</u>	<u>1,300</u>
Total revenues	<u>10,641,959</u>	<u>2,821,371</u>	<u>1,317,582</u>
Expenditures			
Current:			
General government	1,620,806	-	-
Public safety	4,468,804	-	-
Public works	2,573,552	-	-
Health and human services	-	-	-
Culture and recreation	1,935,596	-	-
Conservation and development	956,359	-	-
Capital outlay	-	-	2,898,554
Debt service:			
Principal	-	3,069,787	-
Interest and fiscal charges	<u>-</u>	<u>621,783</u>	<u>105,002</u>
Total expenditures	<u>11,555,117</u>	<u>3,691,570</u>	<u>3,003,556</u>
Excess (deficiency) of revenues over expenditures	<u>(913,158)</u>	<u>(870,199)</u>	<u>(1,685,974)</u>
Other Financing Sources (Uses)			
Debt issued	-	-	3,485,000
Premium on debt issued	-	92,565	50,637
Proceeds on sale of assets	-	-	-
Transfers in	886,446	52,631	209,500
Transfers out	<u>(310,240)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>576,206</u>	<u>145,196</u>	<u>3,745,137</u>
Net change in fund balances	(336,952)	(725,003)	2,059,163
Fund Balances (Deficit), Beginning (as restated)	<u>6,438,243</u>	<u>1,142,201</u>	<u>1,875,434</u>
Fund Balances, Ending	<u>\$ 6,101,291</u>	<u>\$ 417,198</u>	<u>\$ 3,934,597</u>

See notes to financial statements

<u>TID No. 3</u>	<u>TID No. 6</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 1,196,838	\$ 1,321,655	\$ 3,006,576	\$ 16,068,709
27,016	12,632	605,430	2,204,912
-	-	198,333	920,999
-	-	-	68,659
-	-	864,617	2,624,492
-	-	68,115	260,259
5,208	29,672	76,725	(165,837)
-	-	48,414	259,950
<u>1,229,062</u>	<u>1,363,959</u>	<u>4,868,210</u>	<u>22,242,143</u>
-	-	75,711	1,696,517
-	-	-	4,468,804
-	-	-	2,573,552
-	-	663,593	663,593
-	-	1,406,492	3,342,088
-	-	343,098	1,299,457
119,178	313,439	1,299,326	4,630,497
660,000	405,000	290,000	4,424,787
<u>38,947</u>	<u>210,398</u>	<u>87,575</u>	<u>1,063,705</u>
<u>818,125</u>	<u>928,837</u>	<u>4,165,795</u>	<u>24,163,000</u>
<u>410,937</u>	<u>435,122</u>	<u>702,415</u>	<u>(1,920,857)</u>
-	-	-	3,485,000
-	-	-	143,202
-	-	10,148	10,148
-	-	614,143	1,762,720
-	-	(566,034)	(876,274)
-	-	<u>58,257</u>	<u>4,524,796</u>
410,937	435,122	760,672	2,603,939
<u>(358,323)</u>	<u>1,280,922</u>	<u>2,354,542</u>	<u>12,733,019</u>
<u>\$ 52,614</u>	<u>\$ 1,716,044</u>	<u>\$ 3,115,214</u>	<u>\$ 15,336,958</u>

See notes to financial statements

Village of Waunakee

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 \$ 2,603,939

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	4,630,497
Some items reported as capital outlay were not capitalized	(2,168,074)
Depreciation is reported in the government-wide financial statements	(4,638,459)
Net book value of assets retired	(99,736)

Contributed capital assets are reported as revenues in the government-wide financial statements.	712,885
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The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides or uses current financial resources and are not reported in the fund statements.	257,276
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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.	163,300
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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.	
Debt issued	(3,485,000)
Principal repaid	4,424,787

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or 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.	
New debt premium	(143,202)
Amortization of debt premium	217,956

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	104,132
Accrued interest	108,366
Amortization of deferred gain on refunding	63,991
Net pension asset	701,273
Deferred outflows of resources related to pensions	2,019,720
Deferred inflows of resources related to pensions	(2,013,369)
Deferred outflow of resources related to other postemployment benefits	(37,090)
Deferred inflows of resources related to other postemployment benefits	4,598
Other postemployment benefits liability	(101,548)

Change in Net Position of Governmental Activities \$ 3,326,242

Village of Waunakee

Statement of Net Position
Proprietary Fund
December 31, 2022

	<u>Waunakee Utilities</u>
Assets	
Current assets:	
Cash and investments	\$ 11,739,398
Receivables:	
Customer accounts	1,858,469
Other	144,667
Due from other funds	31,312
Inventories and prepaid items	778,193
Current portion of lease receivable	136,466
Restricted assets:	
Redemption account	<u>295,775</u>
Total current assets	<u>14,984,280</u>
Noncurrent assets:	
Restricted assets:	
Reserve account	959,933
Depreciation account	50,000
Replacement account	185,041
Net pension asset	704,803
Capital assets:	
Plant in service	82,723,508
Accumulated depreciation	(30,824,528)
Construction work in progress	436,290
Other assets:	
Lease receivable	<u>3,327,571</u>
Total noncurrent assets	<u>57,562,618</u>
Total assets	<u>72,546,898</u>
Deferred Outflows of Resources	
Loss on advance refunding	33,086
Pension related amounts	1,378,765
Other postemployment related amounts	<u>151,546</u>
Total deferred outflows of resources	<u>1,563,397</u>

See notes to financial statements

Village of Waunakee

Statement of Net Position
Proprietary Fund
December 31, 2022

Waunakee Utilities

Liabilities

Current liabilities:

Accounts payable	\$ 2,031,684
Due to other funds	73,606
Customer deposits	53,681
Accrued and other current liabilities	65,002
Customer advances for construction	322,726
Commitment to community	60,174
Unearned revenue	121,154
Current liabilities payable from restricted assets:	
Current portion of long-term debt	865,000
Accrued interest	<u>20,534</u>

Total current liabilities 3,613,561

Noncurrent liabilities:

Long-term debt:

Revenue bonds 2,765,000

Other liabilities:

Compensated absences 360,100

Net other postemployment benefits 339,580

Other liabilities 21,235

Total noncurrent liabilities 3,485,915

Total liabilities 7,099,476

Deferred Inflows of Resources

Pension related amounts	1,661,282
Other postemployment related amounts	38,840
Lease related amounts	<u>3,464,037</u>

Total deferred inflows of resources 5,164,159

Net Position

Net investment in capital assets	49,698,289
Restricted for:	
Debt service	325,241
Equipment replacement	185,041
Pension	704,803
Unrestricted	<u>10,933,286</u>

Total net position \$ 61,846,660

Village of Waunakee

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended December 31, 2022

	<u>Waunakee Utilities</u>
Operating Revenues	
Sales to customers	\$ 20,931,288
Other	<u>221,697</u>
Total operating revenues	<u>21,152,985</u>
Operating Expenses	
Operations and maintenance	17,089,926
Depreciation	<u>1,997,038</u>
Total operating expenses	<u>19,086,964</u>
Operating income	<u>2,066,021</u>
Nonoperating Revenues (Expenses)	
Investment income (loss)	(196,221)
Gain (loss) on disposal of capital assets	(559,352)
Miscellaneous revenues	301
Interest and fiscal charges	(105,705)
Amortization of loss on advance refunding	(15,876)
Other nonoperating expenses	<u>(2,915)</u>
Total nonoperating revenues (expenses)	<u>(879,768)</u>
Income before contributions and transfers	<u>1,186,253</u>
Contributions and Transfers	
Capital contributions	2,233,499
Transfer in (out)	(107)
Transfer, tax equivalent	<u>(886,339)</u>
Total contributions and transfers	<u>1,347,053</u>
Change in net position	2,533,306
Net Position, Beginning	<u>59,313,354</u>
Net Position, Ending	<u><u>\$ 61,846,660</u></u>

See notes to financial statements

Village of Waunakee

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2022

	<u>Waunakee Utilities</u>
Cash Flows From Operating Activities	
Received from customers	\$ 21,285,374
Received from (paid to) municipality for services	(2,979)
Paid to suppliers for goods and services	(15,876,009)
Paid to employees for services	<u>(1,354,021)</u>
Net cash flows from operating activities	<u>4,052,365</u>
Cash Flows From Investing Activities	
Investments sold (purchased)	559,797
Investment income (loss)	<u>(194,377)</u>
Net cash flows from investing activities	<u>365,420</u>
Cash Flows From Noncapital Financing Activities	
Paid to municipality for tax equivalent	(886,339)
Transfers to other funds	<u>(107)</u>
Net cash flows from noncapital financing activities	<u>(886,446)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(2,642,427)
Capital contributions received	461,896
Debt retired	(825,000)
Interest paid	<u>(110,167)</u>
Net cash flows from capital and related financing activities	<u>(3,115,698)</u>
Net change in cash and cash equivalents	415,641
Cash and Cash Equivalents, Beginning	<u>6,343,447</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 6,759,088</u></u>

See notes to financial statements

Village of Waunakee

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2022

Waunakee Utilities

Reconciliation of Operating Income to Net Cash Flows

From Operating Activities

Operating income	\$ 2,066,021
Nonoperating revenue (expense)	(2,614)
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	1,997,038
Depreciation charged to other funds	81,284
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Customer accounts receivable	167,611
Other accounts receivable	(41,501)
Due from municipality	(1,259)
Inventories and prepaid items	(326,594)
Pension related deferrals and assets	(169,226)
Accounts payable	209,842
Due to municipality	1,899
Customer deposits	7,173
Accrued and other current liabilities	7,841
Compensated absences	6,400
OPEB related deferrals and liabilities	<u>48,450</u>
Net cash flows from operating activities	<u>\$ 4,052,365</u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds

Cash and investments	\$ 11,739,398
Redemption account	295,775
Reserve account	959,933
Depreciation account	50,000
Replacement account	<u>185,041</u>
Total cash and investments	13,230,147
Less noncash equivalents	<u>(6,471,059)</u>
Cash and cash equivalents	<u>\$ 6,759,088</u>

Noncash Capital and Related Financing Activities

Developer financed additions to utility plant	<u>\$ 2,008,973</u>
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See notes to financial statements

Village of Waunakee

Statement of Fiduciary Net Position - Custodial Fund
December 31, 2022

	Tax Collection Fund
Assets	
Cash and investments	\$ 18,468,075
Taxes receivable	<u>13,338,022</u>
Total assets	<u>31,806,097</u>
Liabilities	
Due to other governments	<u>31,806,097</u>
Total liabilities	<u>31,806,097</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

Village of Waunakee

Statement of Changes in Fiduciary Net Position - Custodial Fund
Year Ended December 31, 2022

	Tax Collection Fund
Additions	
Property tax collections	\$ 23,026,621
Deductions	
Payments to taxing jurisdictions	<u>23,026,621</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Waunakee

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Village of Waunakee

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Waunakee, 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.

Component Unit Not Presented

Community Development Authority

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village president. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the CDA, and also create a potential financial benefit to or burden on the Village. The CDA is part of the reporting entity of the Village. However, the CDA had no financial transactions during 2022 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

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.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice for commitments extended by issuers and other arrangements with conduit debt obligations. The standard also clarifies the existing definition of conduit debt obligations and improves required note disclosures. This standard was implemented January 1, 2022.

Village of Waunakee

Notes to Financial Statements
December 31, 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

- 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.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Debt Service Fund

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

Capital Projects Funds

Capital Improvement 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 for the capital improvement program.

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.

Tax Incremental District (TID) No. 6 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 Fund

The Village reports the following major enterprise fund:

Waunakee Utilities Fund accounts for operations of the electric, water, and sewer systems.

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

Park Reservation	Park Impact
Library	Senior Center
Senior Center Fundraising	Village Center
Community Development/Betterment	Grants
Housing Betterment	

Capital Projects Funds

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

Equipment Replacement	TID No. 2
TID No. 4	TID No. 5
TID No. 7	TID No. 8
TID No. 9	

Village of Waunakee

Notes to Financial Statements
December 31, 2022

In addition, the Village reports the following fund type:

Custodial Fund

Custodial Fund is 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 electric, water and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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

Deposits and Investments

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

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

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

- g. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the 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 electric, 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.

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.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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.

It is the Village's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide 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 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.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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	20-50 Years
Improvements	10-50 Years
Machinery and Equipment	4-50 Years
Utility System	3-100 Years
Infrastructure	25-50 Years
Intangibles	10 Years

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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.

Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

The Village provides postemployment health insurance benefits for all eligible employees. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Under the personnel handbook, employees hired prior to May 16, 2013, may convert unused sick leave up to 1,168 hours upon retirement to be deposited into an HRA account. The conversion rate shall be the employee's hourly rate of pay at the time of retirement. Certain employees hired prior to May 16, 2013 have separate agreements which allows for a conversion of up to 1,188 hours at a rate of one and one-half times the employees rate of pay upon retirement. Employees hired after May 16, 2013 are not eligible for this benefit. Employees under the police union contract may convert 1,188 accumulated sick leave hours to be deposited into an HRA account.

Premiums paid for employees who have converted sick leave upon retirement are recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village through current year resources and a reserve account with a balance of \$1,140,246.

For proprietary funds, employees earn one day of sick leave per month and varying amounts of vacation annually. Based on contractual agreements and employee benefit policies, certain employees may convert accumulated sick leave to pay for health insurance premiums or to be deposited into an HRA account upon retirement. Payments made in 2022 for postretirement benefits were not material. Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the utility general manager to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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.

The Village has approved the issuance of Community Development Authority Revenue Bonds (CDARB) for the benefit of a nonprofit organization. CDARB's are secured loan agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of CDARB's outstanding at the end of the year is approximately \$508,610, made up of the 2011 Community Development Authority Revenue Bonds.

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/amortization 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."

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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 Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The Village has adopted a formal minimum fund balance policy of 20 - 25% of subsequent year's general fund budgeted expenditures. The minimum fund balance is maintained for cash-flow and working capital purposes. The balance at year end was \$3,284,161, or 27.7%, and is shown as unassigned general fund balance. The Village's unassigned general fund balance is above the minimum fund balance amount at year-end.

See Note 3 for further information.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Village of Waunakee

Notes to Financial Statements
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Basis for Existing Rates

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin effective July 1, 2020.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective December 1, 2015.

Sewer Utility

Current sewer rates became effective January 1, 2021.

2. Stewardship, Compliance and Accountability

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TID No. 5	\$ 173,523	Expenditures exceeded revenues
TID No. 9	49,632	Expenditures exceeded revenues

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

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 zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

3. Detailed Notes on All Funds

Deposits and Investments

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

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 32,689,249	\$ 32,808,161	Custodial credit
State and municipal bonds	4,199,151	4,199,151	Custodial credit, credit, concentration of credit, interest rate
Corporate bonds	5,378,154	5,378,154	Custodial credit, credit, concentration of credit, interest rate
US treasuries	3,551,104	3,551,104	Custodial credit, interest rate
US agencies, implicitly guaranteed	1,755,198	1,755,198	Custodial credit, credit, concentration of credit, interest rate
Negotiable certificates of deposit	461,104	461,104	Custodial credit, credit, concentration of credit, interest rate
LGIP	118,036	118,036	Credit risk
Petty cash	619	-	N/A
Total deposits and investments	<u>\$ 48,152,615</u>	<u>\$ 48,270,908</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 27,402,895		
Restricted cash and investments	2,281,645		
Per statement of assets and liabilities, custodial fund:			
Tax collection fund	<u>18,468,075</u>		
Total deposits and investments	<u>\$ 48,152,615</u>		

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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

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

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, Village accounts have additional securities coverage of \$150 million per customer, subject to a \$300 million aggregate firm limit. \$500,000 of the Village's investments are covered by SIPC.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted prices for similar assets in active markets
- Inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
State and municipal bonds	\$ -	\$ 4,199,151	\$ -	\$ 4,199,151
Corporate bonds	-	5,378,154	-	5,378,154
US treasuries	-	3,551,104	-	3,551,104
US agencies, implicitly guaranteed	-	1,755,198	-	1,755,198
Negotiable certificates of deposit	-	461,104	-	461,104
Total	<u>\$ -</u>	<u>\$ 15,344,711</u>	<u>\$ -</u>	<u>\$ 15,344,711</u>

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.

As of December 31, 2022, all of the Village's deposits with financial institutions in excess of the federal and state depository limits were either collateralized with an irrevocable letter of credit or pledged securities in the name of the Village from a third party bank. As such, the Village does not have any deposits exposed to custodial credit risk.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Investments

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

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

Credit Risk

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

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

<u>Investment Type</u>	<u>Composite Ratings</u>
State and municipal bonds	AA-, AAA
Corporate bonds	AA-, AAA
US agencies, implicitly guaranteed	Not rated, AA+
Negotiable certificates of deposit	Not rated

The Village also held investments in the following external pool which is not rated:

LGIP

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2022, the Village did not hold over 5% of its total holdings in any one issuer.

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>Maturity (In Years)</u>		
		<u>Less than 1</u>	<u>2-5</u>	<u>5+</u>
State and municipal bonds	\$ 4,199,151	\$ 222,901	\$ 3,976,250	\$ -
Corporate bonds	5,378,154	2,087,090	3,291,064	-
US treasuries	3,551,104	1,907,844	1,643,260	-
US agencies, implicitly guaranteed	1,755,198	-	1,755,198	-
Negotiable certificates of deposit	<u>461,104</u>	<u>-</u>	<u>461,104</u>	<u>-</u>
Total	<u>\$ 15,344,711</u>	<u>\$ 4,217,835</u>	<u>\$ 11,126,876</u>	<u>\$ -</u>

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Receivables

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$1,918 in special assessments and \$7,033 of delinquent personal property taxes. Receivables of the General Fund are reported net of uncollectible court receivables in the amount of \$21,740 and uncollectible delinquent personal property taxes of \$6,761.

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	\$ 16,738,504	\$ -
Loans receivable not yet due	-	538,300
Funds received, not yet earned	302,337	-
Grants received, not yet earned	<u>752,364</u>	<u>-</u>
 Total unearned/unavailable revenue for governmental funds	 <u>\$ 17,793,205</u>	 <u>\$ 538,300</u>
 Unearned revenue included in liabilities	 \$ 1,054,701	
 Unearned revenue included in deferred inflows	 <u>16,738,504</u>	
 Total unearned revenue for governmental funds	 <u>\$ 17,793,205</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

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

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

Equipment Replacement Account

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Park Impact Fee

Impact fees that must be spent in accordance with local ordinances and state statutes. Unspent funds must be refunded to the current property owner.

Park Reservation

Fees in lieu of park land that must be spent in accordance with local ordinances and state statutes. Funds may only be used for the purchase of park land.

Net Pension Asset

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

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

Restricted assets:	
Redemption account	\$ 295,775
Reserve account	959,933
Depreciation account	50,000
Replacement account	185,041
Park impact	743,488
Park reservation	47,408
Net pension asset	<u>3,584,486</u>
Total restricted assets	<u>5,866,131</u>
Less restricted assets not funded by revenues:	
Reserve from borrowing	<u>(959,933)</u>
Total restricted assets not funded by revenues	<u>(959,933)</u>
Current liabilities payable from restricted assets	<u>(20,534)</u>
Total restricted net position as calculated	<u>\$ 4,885,664</u>

Village of Waunakee

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 / amortized:				
Land	\$ 20,128,215	\$ 94,147	\$ 4,980	\$ 20,217,382
Construction in progress	<u>121,563</u>	<u>445,069</u>	<u>248,941</u>	<u>317,691</u>
Total capital assets not being depreciated / amortized	<u>20,249,778</u>	<u>539,216</u>	<u>253,921</u>	<u>20,535,073</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	30,484,928	84,174	23,950	30,545,152
Improvements other than buildings	5,370,382	700,356	162,493	5,908,245
Equipment	7,327,891	543,292	321,371	7,549,812
Intangibles	28,460	14,400	-	42,860
Infrastructure	<u>93,784,466</u>	<u>1,542,811</u>	<u>98,394</u>	<u>95,228,883</u>
Total capital assets being depreciated / amortized	<u>136,996,127</u>	<u>2,885,033</u>	<u>606,208</u>	<u>139,274,952</u>
Total capital assets	<u>157,245,905</u>	<u>3,424,249</u>	<u>860,129</u>	<u>159,810,025</u>
Less accumulated depreciation / amortization for:				
Buildings and improvements	(12,511,354)	(1,152,439)	23,950	(13,639,843)
Improvements other than buildings	(2,693,485)	(190,415)	141,070	(2,742,830)
Equipment	(4,508,581)	(496,112)	261,640	(4,743,053)
Intangibles	(21,141)	(1,621)	-	(22,762)
Infrastructure	<u>(42,226,889)</u>	<u>(2,797,872)</u>	<u>84,792</u>	<u>(44,939,969)</u>
Total accumulated depreciation / amortization	<u>(61,961,450)</u>	<u>(4,638,459)</u>	<u>511,452</u>	<u>(66,088,457)</u>
Net capital assets being depreciated / amortized	<u>75,034,677</u>	<u>(1,753,426)</u>	<u>94,756</u>	<u>73,186,495</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 95,284,455</u>	<u>\$ (1,214,210)</u>	<u>\$ 348,677</u>	<u>\$ 93,721,568</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 47,470
Public safety	251,410
Public works, which includes the depreciation of infrastructure	3,045,583
Health and human services	3,703
Culture and recreation	<u>1,290,293</u>
Total governmental activities depreciation / amortization expense	<u>\$ 4,638,459</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Electric				
Capital assets not being depreciated:				
Land and land rights	\$ 285,993	\$ -	\$ -	\$ 285,993
Construction in progress	10,115	1,074,231	653,575	430,771
Total capital assets not being depreciated	<u>296,108</u>	<u>1,074,231</u>	<u>653,575</u>	<u>716,764</u>
Capital assets being depreciated:				
Distribution	27,761,016	864,399	291,384	28,334,031
General	4,003,536	182,655	225,298	3,960,893
Total capital assets being depreciated	<u>31,764,552</u>	<u>1,047,054</u>	<u>516,682</u>	<u>32,294,924</u>
Total capital assets	<u>32,060,660</u>	<u>2,121,285</u>	<u>1,170,257</u>	<u>33,011,688</u>
Less accumulated depreciation for:				
Distribution	(13,029,572)	(997,020)	208,002	(13,818,590)
General	(2,768,452)	(230,338)	225,300	(2,773,490)
Total accumulated depreciation	<u>(15,798,024)</u>	<u>(1,227,358)</u>	<u>433,302</u>	<u>(16,592,080)</u>
Net capital assets being depreciated	<u>15,966,528</u>	<u>(180,304)</u>	<u>83,380</u>	<u>15,702,844</u>
Net electric capital assets	<u>\$ 16,262,636</u>	<u>\$ 893,927</u>	<u>\$ 736,955</u>	<u>\$ 16,419,608</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 171,691	\$ -	\$ -	\$ 171,691
Construction in progress	88,657	577,732	660,870	5,519
Total capital assets not being depreciated	<u>260,348</u>	<u>577,732</u>	<u>660,870</u>	<u>177,210</u>
Capital assets being depreciated:				
Source of supply	530,092	-	-	530,092
Pumping	2,326,188	213,048	13,000	2,526,236
Water treatment	72,936	-	-	72,936
Transmission and distribution	25,860,992	1,808,173	876,393	26,792,772
General	1,843,738	85,123	67,549	1,861,312
Total capital assets being depreciated	<u>30,633,946</u>	<u>2,106,344</u>	<u>956,942</u>	<u>31,783,348</u>
Total capital assets	<u>30,894,294</u>	<u>2,684,076</u>	<u>1,617,812</u>	<u>31,960,558</u>
Less accumulated depreciation for:				
Source of supply	(312,420)	(15,372)	-	(327,792)
Pumping	(1,597,878)	(81,834)	13,000	(1,666,712)
Water treatment	(63,963)	(4,376)	-	(68,339)
Transmission and distribution	(6,497,771)	(473,455)	419,340	(6,551,886)
General	(1,025,689)	(131,347)	67,549	(1,089,487)
Total accumulated depreciation	<u>(9,497,721)</u>	<u>(706,384)</u>	<u>499,889</u>	<u>(9,704,216)</u>
Net capital assets being depreciated	<u>21,136,225</u>	<u>1,399,960</u>	<u>457,053</u>	<u>22,079,132</u>
Net water capital assets	<u>\$ 21,396,573</u>	<u>\$ 1,977,692</u>	<u>\$ 1,117,923</u>	<u>\$ 22,256,342</u>

Village of Waunakee

Notes to Financial Statements
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	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 74,585	\$ -	\$ -	\$ 74,585
Construction in progress	1,085	253,897	254,982	-
Total capital assets not being depreciated	<u>75,670</u>	<u>253,897</u>	<u>254,982</u>	<u>74,585</u>
Capital assets being depreciated:				
Collecting system	14,171,474	962,484	13,802	15,120,156
Collecting system pumping	865,953	-	-	865,953
Treatment and disposal	589,028	118,256	1,356	705,928
General	1,146,390	335,875	61,335	1,420,930
Total capital assets being depreciated	<u>16,772,845</u>	<u>1,416,615</u>	<u>76,493</u>	<u>18,112,967</u>
Total capital assets	<u>16,848,515</u>	<u>1,670,512</u>	<u>331,475</u>	<u>18,187,552</u>
Less accumulated depreciation for:				
Collecting system	(3,743,632)	(241,965)	13,802	(3,971,795)
Collecting system pumping	(433,871)	(30,557)	-	(464,428)
Treatment and disposal	(57,754)	(35,611)	1,356	(92,009)
General	-	(61,335)	61,335	-
Total accumulated depreciation	<u>(4,235,257)</u>	<u>(369,468)</u>	<u>76,493</u>	<u>(4,528,232)</u>
Net capital assets being depreciated	<u>12,537,588</u>	<u>1,047,147</u>	<u>-</u>	<u>13,584,735</u>
Net sewer capital assets	<u>\$ 12,613,258</u>	<u>\$ 1,301,044</u>	<u>\$ 254,982</u>	<u>\$ 13,659,320</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 50,272,467</u>	<u>\$ 4,172,663</u>	<u>\$ 2,109,860</u>	<u>\$ 52,335,270</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Electric	\$ 1,017,814
Water	640,139
Sewer	<u>339,085</u>
Total business-type activities depreciation expense	<u>\$ 1,997,038</u>

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TID No. 5	\$ 173,523
General Fund	TID No. 9	49,632
General Fund	Waunakee Utilities	73,606
Waunakee Utilities	General Fund	<u>31,312</u>
Total, fund financial statements		328,073
Less fund eliminations		(223,155)
Less government-wide eliminations		<u>(62,624)</u>
Total internal balances, government-wide statement of net position		<u><u>\$ 42,294</u></u>

All amounts are due within one year.

The principal purposes of these interfunds are for tax roll items and to cover temporary cash shortfalls. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The Equipment Replacement Fund is advancing funds to TID No. 3. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. A repayment schedule has been established and a 4% interest rate is being charged.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Equipment Replacement	TID No. 3	\$ <u>161,078</u>	\$ 79,744
Total, fund financial statements		161,078	
Less fund eliminations		<u>(161,078)</u>	
Total, interfund advances, government-wide statement of net position		<u><u>\$ -</u></u>	

Village of Waunakee

Notes to Financial Statements
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The following is a repayment schedule for the advance:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 79,744	\$ 6,433
2024	<u>81,334</u>	<u>3,253</u>
Total	<u>\$ 161,078</u>	<u>\$ 9,686</u>

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Waunakee Utilities	\$ 886,339	Tax equivalent
General Fund	Waunakee Utilities	107	Appropriation of income from Utilities
Senior Center	General Fund	6,567	SC bonuses
Village Center	General Fund	24,083	Retiree HRA deposits
Village Center	General Fund	11,163	VC bonuses
Capital Improvements	General Fund	190,000	Budgeted use of fund balance for capital projects
Capital Improvements	General Fund	19,500	Money set aside for Depot/Reeve Park project
Equipment Replacement	General Fund	45,000	Budgeted use of fund balance for equipment replacement
Equipment Replacement	General Fund	13,927	Approved use of fund balance for PD HVAC replacement
Housing Betterment	TID No. 2	477,737	Tax increment for affordable housing
TID No. 5	TID No. 2	35,666	Increment sharing
Debt Service	Village Center	<u>52,631</u>	Debt service
Subtotal, fund financial statements		1,762,720	
Less fund eliminations		<u>(876,274)</u>	
Total transfers, government-wide statement of activities		<u>\$ 886,446</u>	

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 32,440,000	\$ 3,485,000	\$ 3,560,000	\$ 32,365,000	\$ 3,725,000
General obligation debt from direct borrowings and direct placements (Discounts)/premiums:					
Bond premium	894,006	-	864,787	29,219	29,219
	<u>956,588</u>	<u>143,202</u>	<u>217,956</u>	<u>881,834</u>	<u>-</u>
Total bonds and notes payable	<u>34,290,594</u>	<u>3,628,202</u>	<u>4,642,743</u>	<u>33,276,053</u>	<u>3,754,219</u>
Other liabilities:					
Vested compensated absences	<u>1,406,214</u>	<u>149,409</u>	<u>253,541</u>	<u>1,302,082</u>	<u>304,413</u>
Total governmental activities long-term liabilities	<u>\$ 35,696,808</u>	<u>\$ 3,777,611</u>	<u>\$ 4,896,284</u>	<u>\$ 34,578,135</u>	<u>\$ 4,058,632</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	<u>\$ 4,455,000</u>	<u>\$ -</u>	<u>\$ 825,000</u>	<u>\$ 3,630,000</u>	<u>\$ 865,000</u>
Other liabilities:					
Vested compensated absences	353,700	91,589	53,055	392,234	32,134
Other liabilities	<u>21,235</u>	<u>-</u>	<u>-</u>	<u>21,235</u>	<u>-</u>
Total other liabilities	<u>374,935</u>	<u>91,589</u>	<u>53,055</u>	<u>413,469</u>	<u>32,134</u>
Total business-type activities long-term liabilities	<u>\$ 4,829,935</u>	<u>\$ 91,589</u>	<u>\$ 878,055</u>	<u>\$ 4,043,469</u>	<u>\$ 897,134</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 \$131,920,465. Total general obligation debt outstanding at year end was \$32,394,219.

In addition to the liabilities above, information on the net pension liability (asset) and OPEB liability are provided in Note 4.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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 or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>31, 2022</u>
State Trust Fund Loan -					
Direct	5/28/03	3/15/23	5.00%	\$ 385,931	\$ 29,219
General Obligation Bond	5/22/08	6/1/23	3.50 - 3.90	1,330,000	120,000
General Obligation Bond	11/8/11	11/1/31	1.50 - 4.80	1,345,000	815,000
General Obligation Bond	4/18/12	4/1/32	4.00	13,245,000	125,000
General Obligation Bond	4/18/12	4/1/32	3.00 - 3.50	1,355,000	1,005,000
General Obligation Bond	1/6/16	4/1/35	2.00 - 3.00	6,055,000	4,120,000
General Obligation Bond	12/15/16	5/1/29	1.20 - 2.50	2,920,000	1,990,000
General Obligation Bond	1/12/17	6/1/36	3.00 - 4.00	8,855,000	7,130,000
General Obligation Bond	6/7/18	6/1/38	3.00 - 3.55	7,450,000	6,425,000
General Obligation Bond	4/29/20	6/1/35	2.00 - 3.00	9,620,000	7,150,000
General Obligation Bond	5/18/22	6/1/41	3.00 - 5.00	3,485,000	<u>3,485,000</u>
Total governmental activities, general obligation debt					<u>\$ 32,394,219</u>

The Village's outstanding notes from direct borrowings related to governmental activities of \$29,219 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,725,000	\$ 1,004,938
2024	2,925,000	830,565
2025	2,245,000	751,485
2026	2,210,000	685,534
2027	2,265,000	617,783
2028-2032	10,770,000	2,048,235
2033-2037	6,910,000	691,159
2038-2041	<u>1,315,000</u>	<u>67,197</u>
Total	<u>\$ 32,365,000</u>	<u>\$ 6,696,896</u>

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Debt from Direct Borrowings</u>	
	<u>and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	<u>\$ 29,219</u>	<u>\$ 1,461</u>
Total	<u>\$ 29,219</u>	<u>\$ 1,461</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Revenue Debt

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

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

Business-Type Activities Revenue Debt

<u>Utilities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
2011 Water and Light	12/21/11	10/2/26	0.80 - 3.20%	\$ 3,845,000	\$ 1,300,000
2013 Water and Light	3/14/13	10/1/25	2.00 - 2.35	3,385,000	629,000
2013 Sewer Bonds	3/14/13	5/1/30	2.00 - 2.85	2,325,000	1,271,000
2016 Water and Light	9/1/16	10/1/26	1.50 - 2.00	1,000,000	430,000
Total business-type activities, revenue debt					<u>\$ 3,630,000</u>

All water and electric revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2022 was \$750,969. Total customer net revenues as defined for the same period was \$3,156,273. Annual principal and interest payments are expected to require 20% of net revenues on average.

All sewer revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2022 was \$184,198. Total customer net revenues as defined for the same period was \$710,566. Annual principal and interest payments are expected to require 25% of net revenues on average.

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	\$ 865,000	\$ 91,232
2024	875,000	70,500
2025	730,000	48,419
2026	515,000	29,898
2027	155,000	15,937
2028-2030	490,000	21,150
Total	<u>\$ 3,630,000</u>	<u>\$ 277,136</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Other Debt Information

Bond Covenant Disclosures

Insurance

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

Debt Coverage - Water and Electric

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.3 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2022 as follows:

Operating revenues	\$ 17,652,872
Investment income	(137,436)
Operation and maintenance expense	<u>(14,359,163)</u>
Net defined earnings	<u>\$ 3,156,273</u>
Minimum required earnings per resolution:	
Highest annual debt service	\$ 770,086
Coverage factor	<u>1.30</u>
Minimum required earnings	<u>\$ 1,001,112</u>
Actual debt coverage	<u>4.10</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Debt Coverage - Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2022 as follows:

Operating revenues	\$	3,500,113
Investment income		(58,784)
Operation and maintenance expense		<u>(2,730,763)</u>
Net defined earnings	\$	<u>710,566</u>
Minimum required earnings per resolution:		
Highest annual debt service	\$	188,806
Coverage factor		<u>1.25</u>
Minimum required earnings	\$	<u>236,008</u>
Actual debt coverage		<u>3.76</u>

Number of Customers and Billed Volumes - Electric

The utility has the following number of customers and billed volumes for 2022:

	<u>Customers</u>	<u>Sales (000 kWh)</u>
Residential	6,149	55,117
General	741	16,166
Small power	69	19,873
Large power	19	22,035
Industrial	2	15,491
Street and highway lighting	<u>12</u>	<u>402</u>
Total	<u>6,992</u>	<u>129,084</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2022:

	<u>Customers</u>	<u>Sales (000 gals)</u>
Residential	4,861	258,801
Commercial	266	35,751
Industrial	17	118,394
Public authority	32	10,787
Multifamily residential	63	32,807
Interdepartmental	<u>2</u>	<u>597</u>
Total	<u><u>5,241</u></u>	<u><u>457,137</u></u>

Number of Customers and Billed Volumes - Sewer

The utility has the following number of customers and billed volumes for 2022:

	<u>Customers</u>	<u>Sales (000 gals)</u>
Residential	4,829	233,601
Commercial	307	54,417
Industrial	15	113,976
Public authority	25	6,370
Interdepartmental	<u>2</u>	<u>243</u>
Total	<u><u>5,178</u></u>	<u><u>408,607</u></u>

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>				<u>Receivable Balance December 31, 2022</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Fire station	1/1/2008	12/31/2037	3.50%	<u>\$ 501,753</u>
Total governmental activities				<u><u>\$ 501,753</u></u>

The Village recognized \$9,623 of lease revenue during the fiscal year.

The Village recognized \$26,222 of interest revenue during the fiscal year.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

<u>Business-Type Activities</u>				Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Cellular antennae space	5/18/2004 - 3/26/2022	5/18/2023 - 3/26/2047	2.00%	\$ 3,464,037
Total business-type activities				<u>\$ 3,464,037</u>

The Utilities recognized \$126,049 of lease revenue during the fiscal year.

The Utilities recognized \$71,802 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	\$ 20,217,382
Construction in progress	317,691
Other capital assets, net of accumulated depreciation/amortization	73,186,495
Less long-term debt outstanding	(32,394,219)
Plus noncapital debt proceeds	2,199,879
Plus unspent capital related debt proceeds	792,044
Less capital related accounts payable	(91,238)
Less deferred gain on refunding	(635,531)
Less unamortized debt premium	<u>(881,834)</u>
Total net investment in capital assets	<u>\$ 62,710,669</u>

Village of Waunakee

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:

	General Fund	Debt Service Fund	Capital Improvements	TID No. 3	TID No. 6	Nonmajor Funds	Total
Fund Balances							
Nonspendable:							
Delinquent PPT	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272
Prepaid items	426,526	-	-	-	-	-	426,526
Subtotal	<u>426,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,798</u>
Restricted for:							
Debt service	-	417,198	-	-	-	-	417,198
Park reservation	-	-	-	-	-	47,408	47,408
Park impact	-	-	-	-	-	743,488	743,488
TIF related projects	-	-	-	52,614	1,716,044	390,031	2,158,689
Capital projects (unspent debt proceeds)	-	-	792,044	-	-	-	792,044
Library	-	-	-	-	-	88,170	88,170
Senior center	-	-	-	-	-	470,449	470,449
Community development	-	-	-	-	-	10,859	10,859
Grants	-	-	-	-	-	17,251	17,251
Housing betterment	-	-	-	-	-	156,215	156,215
Subtotal	<u>-</u>	<u>417,198</u>	<u>792,044</u>	<u>52,614</u>	<u>1,716,044</u>	<u>1,923,871</u>	<u>4,901,771</u>
Committed to:							
Senior center	-	-	-	-	-	51,743	51,743
Senior center fundraising	-	-	-	-	-	13,138	13,138
Village center	-	-	-	-	-	361,211	361,211
Equipment replacement	-	-	-	-	-	988,406	988,406
Capital related purposes	-	-	3,142,553	-	-	-	3,142,553
Subtotal	<u>-</u>	<u>-</u>	<u>3,142,553</u>	<u>-</u>	<u>-</u>	<u>1,414,498</u>	<u>4,557,051</u>
Assigned to:							
Reassessment	162,134	-	-	-	-	-	162,134
Elections	160,223	-	-	-	-	-	160,223
WaunaBoom	20,285	-	-	-	-	-	20,285
Creative economy initiatives	13,646	-	-	-	-	-	13,646
Create Waunakee	4,640	-	-	-	-	-	4,640
Canine program	5,065	-	-	-	-	-	5,065
Library fountain maintenance	1,446	-	-	-	-	-	1,446
Waunakee Artisan Market	1,950	-	-	-	-	-	1,950
Village board strategic planning	18,843	-	-	-	-	-	18,843
Administration intern program	13,700	-	-	-	-	-	13,700
Joint venture stabilization	200,000	-	-	-	-	-	200,000
Entrance sign work	500	-	-	-	-	-	500
Veteran's Memorial repair work	500	-	-	-	-	-	500
CD business recruitment and retention software	1,000	-	-	-	-	-	1,000
PD promotional expenses	2,900	-	-	-	-	-	2,900
Tree purchase	2,500	-	-	-	-	-	2,500

Village of Waunakee

Notes to Financial Statements
December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements</u>	<u>TID No. 3</u>	<u>TID No. 6</u>	<u>Nonmajor Funds</u>	<u>Total</u>
CD light meter purchase	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
CD ordinance work	10,000	-	-	-	-	-	10,000
CD Century Ave. visioning	5,000	-	-	-	-	-	5,000
Tree removal on path by Six Mile Creek	5,100	-	-	-	-	-	5,100
Replacement of light at Veterans Memorial	1,747	-	-	-	-	-	1,747
Parks non-lapsing fund	57,656	-	-	-	-	-	57,656
Fund balance applied to 2023 budget	561,051	-	-	-	-	-	561,051
Accumulated sick leave conversion	<u>1,140,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,246</u>
Subtotal	<u>2,390,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,390,332</u>
Unassigned (deficit):	<u>3,284,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,155)</u>	<u>3,061,006</u>
Total fund balances	<u>\$ 6,101,291</u>	<u>\$ 417,198</u>	<u>\$ 3,934,597</u>	<u>\$ 52,614</u>	<u>\$ 1,716,044</u>	<u>\$ 3,115,214</u>	<u>\$ 15,336,958</u>

Business-Type Activities

Net investment in capital assets:

Plant in service	\$ 82,723,508
Accumulated depreciation	(30,824,528)
Construction work in progress	436,290
Less current portion of capital related long-term debt	(865,000)
Less long-term portion of capital related long-term debt	(2,765,000)
Plus deferred loss on refunding	33,086
Plus unspent debt proceeds	<u>959,933</u>

Total net investment in capital assets \$ 49,698,289

Restatement of Fund Balance/Net Position

Fund balance has been restated to correct an error in loans receivable.

Debt Service Fund fund balance, January 1, 2022 (as reported)	\$ 1,517,201
Less loan not previously recorded as unavailable revenue	<u>(375,000)</u>
Debt Service Fund fund balance, January 1, 2022 (as restated)	<u>\$ 1,142,201</u>

Governmental Activities net position has been restated to correct an error in EMS District (joint venture) capital assets.

Net Position, January 1, 2022 (as reported)	\$ 75,298,921
Less Net effect of changes to capital assets and accumulated depreciation	<u>(114,194)</u>
Net Position, January 1, 2022 (as restated)	<u>\$ 75,184,727</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

4. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Village of Waunakee

Notes to Financial Statements

December 31, 2022

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Contributions

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

The Village and Waunakee Utilities make separate contributions to WRS. Separate information is presented below for the Village and the Utilities pension activity.

During the reporting period, the WRS recognized \$420,497 in contributions from the Village and \$99,669 from the Utilities.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Village reported an asset of \$2,879,683 and the Utilities reported an asset of \$704,803 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.03572727%, which was an increase of 0.00083439% from its proportion measured as of December 31, 2020. At December 31, 2021, the Utilities' proportion was 0.00874426%, which was an increase of 0.00003806% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of \$(285,621) and the Utilities report a pension expense (revenue) of \$(69,557).

Village of Waunakee

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the Village and Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Village of Waunakee	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 4,651,983	\$ 335,458
Changes in assumptions	537,250	-
Net differences between projected and actual earnings on pension plan investments	-	6,442,092
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,505	8,958
Employer contributions subsequent to the measurement date	<u>461,194</u>	<u>-</u>
Total	<u>\$ 5,665,932</u>	<u>\$ 6,786,508</u>

Waunakee Utilities	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,138,574	\$ 82,103
Changes in assumptions	131,492	-
Net differences between projected and actual earnings on pension plan investments	-	1,576,704
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,856	2,475
Employer contributions subsequent to the measurement date	<u>106,843</u>	<u>-</u>
Total	<u>\$ 1,378,765</u>	<u>\$ 1,661,282</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

\$461,194 reported as deferred outflows related to pension resulting from the Village's contributions and \$106,843 reported as deferred outflows related to pension resulting from the Utilities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts related to the Village reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (131,445)
2024	(777,103)
2025	(342,460)
2026	(330,762)

Other amounts related to the Utilities reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (33,133)
2024	(191,013)
2025	(84,213)
2026	(81,001)

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

** *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

*** *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's and Utilities' Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's and Utilities' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's and Utilities' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 2,043,339</u>	<u>\$ (2,879,683)</u>	<u>\$ (6,423,344)</u>
Utilities' proportionate share of the net pension liability (asset)	<u>\$ 500,101</u>	<u>\$ (704,803)</u>	<u>\$ (1,572,115)</u>

Pension Plan Fiduciary Net Position

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

At December 31, 2022, the Village and Utilities reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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.

Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Michigan and Iowa. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

Fifty members, representing approximately 99.8% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$274 million as of December 31, 2022.

Joint Ventures

EMS

The Village and the towns of Westport, Dane, Vienna and Springfield, jointly operate the local EMS District, which is called the WWDVS, and provides ambulance and rescue service. The communities share in the operation of the District based on population. The governing body is made up of board members from each community. Local representatives are appointed by the local board. The governing body has authority to adopt its own budget and control the financial affairs of the district. The Village made payments totaling \$366,825 to the District for 2022. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2022 is \$1,857,491 and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. Financial information of the District as of December 31, 2022 is available directly from the District's office.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Fire

The Village and towns of Westport, Vienna and Springfield jointly operate the local fire district, which is called the Waunakee Fire District, and provides fire protection service. The communities share in the operation of the District based on equalized values. The governing body is made up of two trustees from the Village Board and one member from each Town Board and the presiding officer of the Fire Department. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village made payments totaling \$644,799 to the district for 2022. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2022 is \$1,605,240 and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. Financial information of the District as of December 31, 2022 is available directly from the District's office.

Refuse

The Village, City of Middleton, and Village of Shorewood Hills jointly operate the local refuse district, which is called the Metropolitan Refuse District, and provides landfill services. The communities share in the operation of the District based on equalized values. The governing body is made up of citizens from each community. Local representatives are appointed by the board or council. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2022 is (\$243,535), which is based upon the most recent available financial information and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. The Village made payments totaling \$62,950 to the District for 2022. Financial information of the District as of December 31, 2022 is available directly from the District's office.

Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates *For the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

The Village and Waunakee Utilities make separate contributions to the LRLIF. Separate information is presented below for the Village and Utilities.

During the reporting period, the LRLIF recognized \$3,344 in contributions from the Village and \$1,175 from the Utilities.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the Village reported a liability of \$965,849 and the Utilities reported a liability of \$339,580 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.16341600%, which was an increase of 0.00629100% from its proportion measured as of December 31, 2020. At December 31, 2021, the Utilities' proportion was 0.05745500%, which was an increase of 0.00619500% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized OPEB expense of \$137,384. For the year ended December 31, 2022, the Utilities recognized OPEB expense of \$48,450.

At December 31, 2022, the Village and Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Village of Waunakee		
Differences between expected and actual experience	\$ -	\$ 49,133
Net differences between projected and investment earnings on plan investments	12,566	-
Changes in actuarial assumptions	291,817	46,815
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,104	-
Employer contributions subsequent to the measurement date	<u>3,364</u>	<u>-</u>
Total	<u>\$ 393,851</u>	<u>\$ 95,948</u>
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Waunakee Utilities		
Differences between expected and actual experience	\$ -	\$ 17,275
Net differences between projected and investment earnings on plan investments	4,419	-
Changes in actuarial assumptions	102,599	16,460
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>44,528</u>	<u>5,105</u>
Total	<u>\$ 151,546</u>	<u>\$ 38,840</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Deferred outflows related to OPEB resulting from the Village's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the net OPEB liability in the subsequent year. Other Village amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 68,033
2024	66,576
2025	60,437
2026	65,662
2027	30,217
Thereafter	3,614

Amounts related to the Utilities reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 24,061
2024	23,549
2025	21,238
2026	25,418
2027	14,903
Thereafter	3,537

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

Sensitivity of the Village's and Utilities' Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Village's and Utilities' proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the Village's and Utilities' proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
Village's proportionate share of the net OPEB liability (asset)	<u>\$ 1,310,309</u>	<u>\$ 965,849</u>	<u>\$ 706,657</u>
Utilities' proportionate share of the net OPEB liability (asset)	<u>\$ 460,688</u>	<u>\$ 339,580</u>	<u>\$ 248,452</u>

At December 31, 2022, the Village and Utilities reported a payable to the OPEB plan of \$0, which represents contractually required contributions outstanding as of the end of the year.

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Village is disclosing all abatement agreements individually.

The Village, through its various Tax Incremental Financing Districts (TID), has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

For the year ended December 31, 2022, the Village abated property taxes totaling \$858,243 under this program, including the following tax abatement agreements:

- \$23,284 to a developer for acquiring property and constructing a building.
- \$92,824 to a developer for expansion of a facility.
- \$85,432 to a developer for acquiring property and constructing a building.
- \$45,941 to a developer for constructing a building.
- \$74,382 to a developer for acquiring property and constructing a building.
- \$236,000 to a developer for infrastructure additions.
- \$53,061 to a developer for acquiring property and renovating a building.
- \$247,319 to a developer for acquiring property and constructing a building.

Village of Waunakee

Notes to Financial Statements
December 31, 2022

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.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Waunakee

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,719,409	\$ 6,719,409	\$ 6,728,839	\$ 9,430
Intergovernmental	1,420,026	1,427,509	1,559,834	132,325
Licenses and permits	273,595	365,983	571,126	205,143
Fines, forfeitures and penalties	61,150	61,150	68,659	7,509
Public charges for services	860,270	1,368,320	1,659,952	291,632
Intergovernmental charges for services	178,720	178,720	192,144	13,424
Investment income (loss)	130,000	130,000	(348,831)	(478,831)
Miscellaneous revenues	<u>50,546</u>	<u>140,612</u>	<u>210,236</u>	<u>69,624</u>
Total revenues	<u>9,693,716</u>	<u>10,391,703</u>	<u>10,641,959</u>	<u>250,256</u>
Expenditures				
General government:				
Village Board	71,762	85,605	58,916	26,689
Municipal court	129,573	129,573	121,578	7,995
Legal	47,500	52,952	52,952	-
Administrator	422,233	427,933	390,649	37,284
Clerk	175,108	178,833	178,833	-
Elections	62,202	221,551	65,052	156,499
Network administration	81,748	81,748	79,330	2,418
Assessor	66,284	203,418	42,894	160,524
Finance	343,043	343,348	343,348	-
Village hall	85,316	85,316	79,085	6,231
Contingency	15,000	15,000	-	15,000
Tax refunds	-	9,442	9,442	-
Uncollectible receivables	-	1,580	1,580	-
Risk management	212,500	212,500	194,287	18,213
Payments to townships	<u>2,860</u>	<u>2,860</u>	<u>2,860</u>	<u>-</u>
Total general government	<u>1,715,129</u>	<u>2,051,659</u>	<u>1,620,806</u>	<u>430,853</u>
Public safety:				
Police	3,192,481	3,205,087	3,205,087	-
Fire protection	647,299	647,299	647,299	-
Ambulance	369,325	376,808	376,808	-
Inspection	147,088	239,225	239,225	-
Emergency management	<u>384</u>	<u>385</u>	<u>385</u>	<u>-</u>
Total public safety	<u>4,356,577</u>	<u>4,468,804</u>	<u>4,468,804</u>	<u>-</u>

See notes to required supplementary information

Village of Waunakee

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Engineering	\$ 259,480	\$ 259,480	\$ 248,851	\$ 10,629
Street maintenance	649,254	947,868	947,868	-
Snow and ice control	323,281	153,844	153,844	-
Public works facility	47,329	47,329	45,342	1,987
Street lighting	144,000	144,000	97,628	46,372
Sidewalks	1,000	1,000	-	1,000
Stormwater	74,753	74,753	66,427	8,326
Garbage and refuse	486,450	547,573	547,573	-
Recycling	475,357	475,357	465,869	9,488
Weed control services	<u>500</u>	<u>500</u>	<u>150</u>	<u>350</u>
Total public works	<u>2,461,404</u>	<u>2,651,704</u>	<u>2,573,552</u>	<u>78,152</u>
Culture and recreation:				
Library	1,487,755	1,489,201	1,435,821	53,380
Parks	521,605	450,916	406,688	44,228
WaunaBoom	-	79,641	79,641	-
Forestry	20,000	20,000	8,644	11,356
Cable tv	4,434	4,434	4,105	329
Other	<u>1,000</u>	<u>1,000</u>	<u>697</u>	<u>303</u>
Total culture and recreation	<u>2,034,794</u>	<u>2,045,192</u>	<u>1,935,596</u>	<u>109,596</u>
Conservation and development:				
Development	<u>245,219</u>	<u>779,491</u>	<u>956,359</u>	<u>(176,868)</u>
Total conservation and development	<u>245,219</u>	<u>779,491</u>	<u>956,359</u>	<u>(176,868)</u>
Total expenditures	<u>10,813,123</u>	<u>11,996,850</u>	<u>11,555,117</u>	<u>441,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,119,407)</u>	<u>(1,605,147)</u>	<u>(913,158)</u>	<u>691,989</u>
Other Financing Sources (Uses)				
Transfers in	944,000	944,000	886,446	(57,554)
Transfers out	<u>(235,000)</u>	<u>(310,240)</u>	<u>(310,240)</u>	<u>-</u>
Total other financing sources (uses)	<u>709,000</u>	<u>633,760</u>	<u>576,206</u>	<u>(57,554)</u>
Net change in fund balance	<u>\$ (410,407)</u>	<u>\$ (971,387)</u>	(336,952)	<u>\$ 634,435</u>
Fund Balance, Beginning			<u>6,438,243</u>	
Fund Balance, Ending			<u>\$ 6,101,291</u>	

See notes to required supplementary information

Village of Waunakee

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
 Year Ended December 31, 2022

Village of Waunakee

WRS Fiscal Year End Date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.02851252%	\$ (700,345)	\$ 3,382,014	20.71%	102.74%
12/31/15	0.02820314%	458,296	3,505,954	13.07%	98.20%
12/31/16	0.02845406%	234,529	3,659,081	6.41%	99.12%
12/31/17	0.02989733%	(887,687)	3,961,612	22.41%	102.93%
12/31/18	0.03172163%	1,128,556	4,252,603	26.54%	96.45%
12/31/19	0.03323728%	(1,071,721)	4,487,357	23.88%	102.96%
12/31/20	0.03489288%	(2,178,410)	4,907,390	44.39%	105.26%
12/31/21	0.03572727%	(2,879,683)	4,934,295	58.36%	106.02%

Waunakee Utilities

WRS Fiscal Year End Date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.00793881%	\$ (194,998)	\$ 1,108,688	17.59%	102.74%
12/31/15	0.00815094%	132,451	1,217,988	10.87%	98.20%
12/31/16	0.00840833%	69,306	1,263,677	5.48%	99.12%
12/31/17	0.00876072%	(260,116)	1,330,336	20.65%	102.93%
12/31/18	0.00870228%	309,599	1,293,695	23.93%	96.45%
12/31/19	0.00867463%	(279,709)	1,385,960	20.18%	102.96%
12/31/20	0.00870620%	(543,540)	1,505,794	36.10%	105.26%
12/31/21	0.00874426%	(704,803)	1,476,596	47.73%	106.02%

See notes to required supplementary information

Village of Waunakee

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

Village of Waunakee

Villages Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 271,905	\$ 271,905	\$ -	\$ 3,505,954	7.76%
12/31/16	280,004	280,004	-	3,659,081	7.65%
12/31/17	324,080	324,080	-	3,961,612	8.18%
12/31/18	351,398	351,398	-	4,252,603	8.26%
12/31/19	393,096	393,096	-	4,487,358	8.09%
12/31/20	404,176	404,176	-	4,907,390	8.24%
12/31/21	422,002	422,002	-	4,934,295	8.55%
12/31/22	461,194	461,194	-	5,209,489	8.85%

Waunakee Utilities

Utilities Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 82,823	\$ 82,823	\$ -	\$ 1,217,988	6.80%
12/31/16	83,402	83,402	-	1,263,677	6.60%
12/31/17	90,463	90,463	-	1,330,336	6.80%
12/31/18	92,028	92,028	-	1,293,695	7.11%
12/31/19	90,781	90,781	-	1,385,960	6.55%
12/31/20	101,641	101,641	-	1,505,794	6.75%
12/31/21	99,699	99,699	-	1,476,596	6.75%
12/31/22	106,843	106,843	-	1,650,425	6.47%

See notes to required supplementary information

Village of Waunakee

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability (Asset)

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

Village of Waunakee

ETF Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.12507500%	\$ 376,298	\$ 3,961,612	9.50%	44.81%
12/31/18	0.13504100%	348,451	3,739,000	9.32%	48.69%
12/31/19	0.14770400%	628,952	4,309,000	14.60%	37.58%
12/31/20	0.15712500%	864,301	4,255,000	20.31%	61.36%
12/31/21	0.16341600%	965,849	4,610,000	20.95%	29.57%

Waunakee Utilities

ETF Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.04699600%	\$ 141,390	\$ 1,330,336	10.63%	44.81%
12/31/18	0.04274200%	110,289	1,293,696	8.53%	48.69%
12/31/19	0.04323200%	184,089	1,385,961	13.28%	37.58%
12/31/20	0.05126000%	281,967	1,388,000	20.31%	37.58%
12/31/21	0.05745500%	339,580	1,454,000	23.35%	29.57%

See notes to required supplementary information

Village of Waunakee

Schedule of Employer Contributions - Local Retiree Life Insurance Fund
 Year Ended December 31, 2022

Village of Waunakee

Villages Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 2,608	\$ 2,608	\$ -	\$ 4,252,603	0.06%
12/31/19	2,931	2,931	-	4,487,358	0.07%
12/31/20	3,140	3,140	-	4,907,390	0.06%
12/31/21	3,310	3,310	-	4,934,295	0.07%
12/31/22	3,364	3,364	-	5,209,489	0.06%

Waunakee Utilities

Utilities Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 826	\$ 826	\$ -	\$ 1,293,696	0.06%
12/31/19	831	831	-	1,385,961	0.06%
12/31/20	1,050	1,050	-	1,388,000	0.08%
12/31/21	1,033	1,033	-	1,454,000	0.07%
12/31/22	1,175	1,175	-	1,650,425	0.07%

See notes to required supplementary information

Village of Waunakee

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. Carryovers to the following year were as follows: \$2,390,332 in the General Fund, \$5,700 in the Senior Center, \$36,211 in the Village Center, and \$62,145 in Equipment Replacement. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

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

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

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Village of Waunakee

Notes to Required Supplementary Information
Year Ended December 31, 2022

Local Retiree Life Insurance Fund

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

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

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

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Village of Waunakee

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				
	<u>Park Reservation</u>	<u>Park Impact</u>	<u>Library</u>	<u>Senior Center</u>	<u>Senior Center Fundraising</u>
Assets					
Cash and investments	\$ -	\$ -	\$ 89,020	\$ 524,956	\$ 13,190
Restricted cash and investments	47,408	743,488	-	-	-
Receivables (net):					
Taxes	-	-	-	399,659	-
Accounts	-	-	-	439	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	<u>\$ 47,408</u>	<u>\$ 743,488</u>	<u>\$ 89,020</u>	<u>\$ 925,054</u>	<u>\$ 13,190</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 850	\$ 3,197	\$ 52
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	6	-
Total liabilities	<u>-</u>	<u>-</u>	<u>850</u>	<u>3,203</u>	<u>52</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	399,659	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,659</u>	<u>-</u>
Fund Balances (Deficit)					
Restricted	47,408	743,488	88,170	470,449	-
Committed	-	-	-	51,743	13,138
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>47,408</u>	<u>743,488</u>	<u>88,170</u>	<u>522,192</u>	<u>13,138</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 47,408</u>	<u>\$ 743,488</u>	<u>\$ 89,020</u>	<u>\$ 925,054</u>	<u>\$ 13,190</u>

Special Revenue Funds				Capital Projects Funds		
Village Center	Community Development /Betterment	Grants	Housing Betterment	Equipment Replacement	TID No. 2	TID No. 4
\$ 375,368	\$ 10,859	\$ 806,324	\$ 156,215	\$ 846,610	\$ -	\$ 127,394
-	-	-	-	-	-	-
636,889	-	-	-	475,000	-	113,194
24,912	-	-	-	-	-	-
-	-	-	163,300	-	-	-
-	-	26,034	-	-	-	-
-	-	-	-	161,078	-	-
<u>\$ 1,037,169</u>	<u>\$ 10,859</u>	<u>\$ 832,358</u>	<u>\$ 319,515</u>	<u>\$ 1,482,688</u>	<u>\$ -</u>	<u>\$ 240,588</u>
\$ 39,069	\$ -	\$ 62,749	\$ -	\$ 19,282	\$ -	\$ -
-	-	-	-	-	-	-
-	-	752,358	-	-	-	-
<u>39,069</u>	<u>-</u>	<u>815,107</u>	<u>-</u>	<u>19,282</u>	<u>-</u>	<u>-</u>
636,889	-	-	-	475,000	-	113,194
-	-	-	163,300	-	-	-
<u>636,889</u>	<u>-</u>	<u>-</u>	<u>163,300</u>	<u>475,000</u>	<u>-</u>	<u>113,194</u>
-	10,859	17,251	156,215	-	-	127,394
361,211	-	-	-	988,406	-	-
-	-	-	-	-	-	-
<u>361,211</u>	<u>10,859</u>	<u>17,251</u>	<u>156,215</u>	<u>988,406</u>	<u>-</u>	<u>127,394</u>
<u>\$ 1,037,169</u>	<u>\$ 10,859</u>	<u>\$ 832,358</u>	<u>\$ 319,515</u>	<u>\$ 1,482,688</u>	<u>\$ -</u>	<u>\$ 240,588</u>

Village of Waunakee

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	<u>TID No. 5</u>	<u>TID No. 7</u>	<u>TID No. 8</u>	<u>TID No. 9</u>	
Assets					
Cash and investments	\$ -	\$ 206,361	\$ 56,508	\$ -	\$ 3,212,805
Restricted cash and investments	-	-	-	-	790,896
Receivables (net):					
Taxes	566,981	109,288	402,915	59,629	2,763,555
Accounts	-	-	-	-	25,351
Loans	-	-	-	-	163,300
Due from other governments	-	-	-	-	26,034
Advances to other funds	-	-	-	-	161,078
Total assets	<u>\$ 566,981</u>	<u>\$ 315,649</u>	<u>\$ 459,423</u>	<u>\$ 59,629</u>	<u>\$ 7,143,019</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 232	\$ -	\$ 125,431
Due to other funds	173,523	-	-	49,632	223,155
Unearned revenues	-	-	-	-	752,364
Total liabilities	<u>173,523</u>	<u>-</u>	<u>232</u>	<u>49,632</u>	<u>1,100,950</u>
Deferred Inflows of Resources					
Unearned revenues	566,981	109,288	402,915	59,629	2,763,555
Unavailable revenues	-	-	-	-	163,300
Total deferred inflows of resources	<u>566,981</u>	<u>109,288</u>	<u>402,915</u>	<u>59,629</u>	<u>2,926,855</u>
Fund Balances (Deficit)					
Restricted	-	206,361	56,276	-	1,923,871
Committed	-	-	-	-	1,414,498
Unassigned (deficit)	(173,523)	-	-	(49,632)	(223,155)
Total fund balances (deficit)	<u>(173,523)</u>	<u>206,361</u>	<u>56,276</u>	<u>(49,632)</u>	<u>3,115,214</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 566,981</u>	<u>\$ 315,649</u>	<u>\$ 459,423</u>	<u>\$ 59,629</u>	<u>\$ 7,143,019</u>

Village of Waunakee

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

	Special Revenue Funds				
	Park Reservation	Park Impact	Library Fund	Senior Center	Senior Center Fundraising
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 395,736	\$ -
Intergovernmental	-	-	-	117,363	-
Licenses and permits	-	198,333	-	-	-
Public charges for services	-	-	13,845	56,982	-
Intergovernmental charges for services	-	-	-	68,115	-
Investment income	710	8,680	1,222	9,509	147
Miscellaneous revenues	-	-	11,329	10,812	7,870
Total revenues	<u>710</u>	<u>207,013</u>	<u>26,396</u>	<u>658,517</u>	<u>8,017</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Health and human services	-	-	-	643,424	5,130
Culture and recreation	-	-	1,616	-	-
Conservation and development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,616</u>	<u>643,424</u>	<u>5,130</u>
Excess (deficiency) of revenues over expenditures	<u>710</u>	<u>207,013</u>	<u>24,780</u>	<u>15,093</u>	<u>2,887</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	6,567	-
Proceeds on sale of assets	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,567</u>	<u>-</u>
Net change in fund balances	710	207,013	24,780	21,660	2,887
Fund Balances (Deficit), Beginning	<u>46,698</u>	<u>536,475</u>	<u>63,390</u>	<u>500,532</u>	<u>10,251</u>
Fund Balances (Deficit), Ending	<u>\$ 47,408</u>	<u>\$ 743,488</u>	<u>\$ 88,170</u>	<u>\$ 522,192</u>	<u>\$ 13,138</u>

Special Revenue Funds				Capital Projects Funds		
Village Center	Community Development /Betterment	Grants	Housing Betterment	Equipment Replacement	TID No. 2	TID No. 4
\$ 607,066	\$ 172	\$ -	\$ -	\$ 415,000	\$ 488,355	\$ 110,597
-	-	451,167	-	-	25,657	3,253
-	-	-	-	-	-	-
793,790	-	-	-	-	-	-
-	-	-	-	-	-	-
8,182	393	13,216	5,078	22,522	391	2,029
18,403	-	-	-	-	-	-
<u>1,427,441</u>	<u>565</u>	<u>464,383</u>	<u>5,078</u>	<u>437,522</u>	<u>514,403</u>	<u>115,879</u>
-	-	75,711	-	-	-	-
-	-	15,039	-	-	-	-
1,376,376	-	28,500	-	-	-	-
-	6,518	9,980	326,600	-	-	-
-	-	321,940	-	514,461	9,000	8,433
-	-	-	-	-	-	125,000
-	-	-	-	-	-	7,500
<u>1,376,376</u>	<u>6,518</u>	<u>451,170</u>	<u>326,600</u>	<u>514,461</u>	<u>9,000</u>	<u>140,933</u>
<u>51,065</u>	<u>(5,953)</u>	<u>13,213</u>	<u>(321,522)</u>	<u>(76,939)</u>	<u>505,403</u>	<u>(25,054)</u>
35,246	-	-	477,737	58,927	-	-
-	-	-	-	10,148	-	-
<u>(52,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(513,403)</u>	<u>-</u>
<u>(17,385)</u>	<u>-</u>	<u>-</u>	<u>477,737</u>	<u>69,075</u>	<u>(513,403)</u>	<u>-</u>
33,680	(5,953)	13,213	156,215	(7,864)	(8,000)	(25,054)
<u>327,531</u>	<u>16,812</u>	<u>4,038</u>	<u>-</u>	<u>996,270</u>	<u>8,000</u>	<u>152,448</u>
<u>\$ 361,211</u>	<u>\$ 10,859</u>	<u>\$ 17,251</u>	<u>\$ 156,215</u>	<u>\$ 988,406</u>	<u>\$ -</u>	<u>\$ 127,394</u>

Village of Waunakee

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2022

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	<u>TID No. 5</u>	<u>TID No. 7</u>	<u>TID No. 8</u>	<u>TID No. 9</u>	
Revenues					
Taxes	\$ 529,840	\$ 108,507	\$ 351,303	\$ -	\$ 3,006,576
Intergovernmental	7,990	-	-	-	605,430
Licenses and permits	-	-	-	-	198,333
Public charges for services	-	-	-	-	864,617
Intergovernmental charges for services	-	-	-	-	68,115
Investment income	34	3,489	1,123	-	76,725
Miscellaneous revenues	-	-	-	-	48,414
Total revenues	<u>537,864</u>	<u>111,996</u>	<u>352,426</u>	<u>-</u>	<u>4,868,210</u>
Expenditures					
Current:					
General government	-	-	-	-	75,711
Health and human services	-	-	-	-	663,593
Culture and recreation	-	-	-	-	1,406,492
Conservation and development	-	-	-	-	343,098
Capital outlay	133,631	55,318	254,286	2,257	1,299,326
Debt service:					
Principal	115,000	-	50,000	-	290,000
Interest and fiscal charges	49,456	-	30,619	-	87,575
Total expenditures	<u>298,087</u>	<u>55,318</u>	<u>334,905</u>	<u>2,257</u>	<u>4,165,795</u>
Excess (deficiency) of revenues over expenditures	<u>239,777</u>	<u>56,678</u>	<u>17,521</u>	<u>(2,257)</u>	<u>702,415</u>
Other Financing Sources (Uses)					
Transfers in	35,666	-	-	-	614,143
Proceeds on sale of assets	-	-	-	-	10,148
Transfers out	-	-	-	-	(566,034)
Total other financing sources (uses)	<u>35,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,257</u>
Net change in fund balances	275,443	56,678	17,521	(2,257)	760,672
Fund Balances (Deficit), Beginning	<u>(448,966)</u>	<u>149,683</u>	<u>38,755</u>	<u>(47,375)</u>	<u>2,354,542</u>
Fund Balances (Deficit), Ending	<u>\$ (173,523)</u>	<u>\$ 206,361</u>	<u>\$ 56,276</u>	<u>\$ (49,632)</u>	<u>\$ 3,115,214</u>

ELECTRIC UTILITY

Waunakee Utilities - Electric

Statement of Net Position
December 31, 2022

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 6,231,331
Restricted assets:	
Redemption account	71,114
Customer accounts receivable	1,267,090
Other	91,103
Due from municipality	30,829
Inventories and prepaid items	<u>723,488</u>
Total current assets	<u>8,414,955</u>

Noncurrent Assets

Restricted assets:	
Reserve account	315,358
Depreciation account	30,574
Net pension asset	452,629
Capital assets:	
Plant in service	32,580,917
Accumulated depreciation	(16,592,080)
Construction work in progress	<u>430,771</u>
Total noncurrent assets	<u>17,218,169</u>
Total assets	<u>25,633,124</u>

Deferred Outflows of Resources

Loss on advance refunding	7,930
Pension related amounts	884,504
Other postemployment related amounts	<u>96,987</u>
Total deferred outflows of resources	<u>989,421</u>

Waunakee Utilities - Electric

Statement of Net Position
December 31, 2022

Liabilities and Deferred Inflows of Resources

Current Liabilities

Accounts payable	\$ 1,028,786
Due to municipality	73,606
Customer deposits	18,164
Accrued and other current liabilities	53,434
Customer advances for construction	137,726
Commitment to community	60,174
Current liabilities payable from restricted assets:	
Current portion of long-term debt	262,000
Accrued interest	5,408
Total current liabilities	<u>1,639,298</u>

Noncurrent Liabilities

Revenue bonds	612,000
Compensated absences	230,500
Net other postemployment benefits	217,325
Other liabilities	21,235
Total noncurrent liabilities	<u>1,081,060</u>
Total liabilities	<u>2,720,358</u>

Deferred Inflows of Resources

Pension related amounts	1,064,237
Other postemployment related amounts	24,857
Total deferred inflows of resources	<u>1,089,094</u>

Net Position

Total net investment in capital assets	15,868,896
Restricted for:	
Debt service	381,064
Equipment replacement	30,574
Pension	452,629
Unrestricted	6,079,930
Total net position	<u>\$ 22,813,093</u>

Waunakee Utilities - Electric

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Operating Revenues

Sales of electricity	\$ 15,173,216
Other	<u>50,573</u>
Total operating revenues	<u>15,223,789</u>

Operating Expenses

Operation and maintenance	13,065,692
Depreciation	<u>1,017,814</u>
Total operating expenses	<u>14,083,506</u>

Operating income 1,140,283

Nonoperating Expenses

Investment income (loss)	(185,470)
Loss on early retirement of meters	(90,323)
Miscellaneous revenues	301
Interest and fiscal charges	(26,054)
Amortization of loss on advance refunding	(4,680)
Other nonoperating expenses	<u>(2,915)</u>
Total nonoperating expenses	<u>(309,141)</u>

Income before contributions and transfers 831,142

Capital Contributions

Transfers, Tax Equivalent (435,662)

Change in net position 620,026

Net Position, Beginning 22,193,067

Net Position, Ending \$ 22,813,093

Waunakee Utilities - Electric

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows From Operating Activities

Received from customers	\$ 15,178,115
Received from (paid to) municipality for services	(2,979)
Paid to suppliers for goods and services	(13,350,681)
Paid to employees for operating payroll	<u>(830,071)</u>

Net cash flows from operating activities 994,384

Cash Flows From Noncapital Financing Activities

Paid to municipality for tax equivalent	<u>(435,662)</u>
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Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(1,278,411)
Capital contributions received	340,896
Debt retired	(250,000)
Interest paid	<u>(27,485)</u>

Net cash flows from capital and related financing activities (1,215,000)

Cash Flows From Investing Activities

Investments sold (purchased)	220,730
Investment income	<u>(183,627)</u>

Net cash flows from investing activities 37,103

Net change in cash and cash equivalents (619,175)

Cash and Cash Equivalents, Beginning 3,220,557

Cash and Cash Equivalents, Ending \$ 2,601,382

Noncash Capital and Related Financing Activities

Loss on early retirement of meters	<u>\$ (90,323)</u>
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Waunakee Utilities - Electric

Statement of Cash Flows

Year Ended December 31, 2022

Reconciliation of Operating Income to Net Cash Flows From Operating Activities

Operating income	\$ 1,140,283
Nonoperating revenue (expense)	(2,614)
Noncash items in operating income:	
Depreciation	1,017,814
Depreciation charged to clearing and other utilities	62,400
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Customer accounts receivable	(20,057)
Other accounts receivable	(31,913)
Due from municipality	(1,049)
Inventories and prepaid items	(315,990)
Pension related deferrals and assets	(110,720)
OPEB related deferrals and liabilities	31,006
Accounts payable	(793,054)
Due to municipality	1,899
Customer deposits	6,980
Accrued and other current liabilities	5,299
Compensated absences	4,100
	<u>4,100</u>
Net cash flows from operating activities	<u>\$ 994,384</u>

Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts

Cash and investments	\$ 6,231,331
Redemption account	71,114
Reserve account	315,358
Depreciation account	<u>30,574</u>
Total cash and investments	6,648,377
Less noncash equivalents	<u>(4,046,995)</u>
Cash and cash equivalents	<u>\$ 2,601,382</u>

WATER UTILITY

Waunakee Utilities - Water

Statement of Net Position
December 31, 2022

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 2,121,755
Restricted assets:	
Redemption account	121,704
Customer accounts	205,540
Other	35,618
Due from municipality	250
Inventories and prepaid items	54,705
Current portion of lease receivable	<u>136,466</u>
Total current assets	<u>2,676,038</u>

Noncurrent Assets

Restricted assets:	
Reserve account	470,769
Depreciation account	19,426
Replacement account	92,520
Net pension asset	176,637
Other assets:	
Lease receivable	3,327,571
Capital assets:	
Plant in service	31,955,039
Accumulated depreciation	(9,704,216)
Construction work in progress	<u>5,519</u>
Total noncurrent assets	<u>26,343,265</u>
Total assets	<u>29,019,303</u>

Deferred Outflows of Resources

Loss on advance refunding	14,304
Pension related amounts	344,632
Other postemployment related amounts	<u>37,820</u>
Total deferred outflows of resources	<u>396,756</u>

Waunakee Utilities - Water

Statement of Net Position
December 31, 2022

Liabilities and Deferred Inflows of Resources

Current Liabilities

Accounts payable	\$ 416,025
Customer deposits	35,517
Accrued and other current liabilities	7,712
Customer advances for construction	92,500
Unearned revenue	121,154
Current liabilities payable from restricted assets:	
Current portion of long-term debt	448,000
Accrued interest	9,615
Total current liabilities	<u>1,130,523</u>

Noncurrent Liabilities

Revenue bonds	1,037,000
Compensated absences	86,400
Net other postemployment benefits	84,747
Total noncurrent liabilities	<u>1,208,147</u>
Total liabilities	<u>2,338,670</u>

Deferred Inflows of Resources

Pension related amounts	415,092
Other postemployment related amounts	9,693
Deferred inflows related to leases	3,464,037
Total deferred inflows of resources	<u>3,888,822</u>

Net Position

Total net investment in capital assets	21,256,415
Restricted for:	
Debt service	602,284
Equipment replacement	92,520
Pension	176,637
Unrestricted	1,060,711
Total net position	<u>\$ 23,188,567</u>

Waunakee Utilities - Water

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Operating Revenues

Sales of water	\$ 2,269,897
Other	<u>159,186</u>
Total operating revenues	<u>2,429,083</u>

Operating Expenses

Operation and maintenance	1,293,471
Depreciation	<u>640,139</u>
Total operating expenses	<u>1,933,610</u>

Operating income 495,473

Nonoperating Expenses

Investment income	48,034
Loss on early retirement of meters	(469,029)
Interest and fiscal charges	(45,978)
Amortization of loss on advance refunding	<u>(8,340)</u>

Total nonoperating expenses (475,313)

Income before contributions and transfers 20,160

Capital Contributions

1,278,557

Transfer In (Out)

(107)

Transfers, Tax Equivalent

(450,677)

Change in net position 847,933

Net Position, Beginning

22,340,634

Net Position, Ending

\$ 23,188,567

Waunakee Utilities - Water

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows From Operating Activities

Received from customers	\$ 2,412,491
Paid to suppliers for goods and services	(522,487)
Paid to employees for operating payroll	<u>(372,832)</u>

Net cash flows from operating activities 1,517,172

Cash Flows From Noncapital Financing Activities

Paid to municipality for tax equivalent	(450,677)
Transfers to other funds	<u>(107)</u>

Net cash flows from noncapital financing activities (450,784)

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(709,265)
Capital contributions received	60,500
Debt retired	(425,000)
Interest paid	<u>(48,484)</u>

Net cash flows from capital and related financing activities (1,122,249)

Cash Flows From Investing Activities

Investments sold (purchased)	259,075
Investment income	<u>48,034</u>

Net cash flows from investing activities 307,109

Net change in cash and cash equivalents 251,248

Cash and Cash Equivalents, Beginning 1,628,205

Cash and Cash Equivalents, Ending \$ 1,879,453

Noncash Capital and Related Financing Activities

Developer financed additions to utility plant	<u>\$ 1,278,577</u>
Loss on early retirement of meters	<u><u>\$ (469,029)</u></u>

Waunakee Utilities - Water

Statement of Cash Flows

Year Ended December 31, 2022

Reconciliation of Operating Income to Net Cash Flows From Operating Activities

Operating income	\$ 495,473
Noncash items in operating income:	
Depreciation	640,139
Depreciation charged to clearing and other utilities	18,884
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Customer accounts receivable	(18,964)
Other accounts receivable	2,246
Due from municipality	(67)
Inventories and prepaid items	(10,604)
Pension related deferrals and assets	(42,917)
OPEB related deferrals and liabilities	12,092
Accounts payable	416,026
Customer deposits	193
Accrued and other current liabilities	3,171
Compensated absences	1,500
	<u>1,500</u>
Net cash flows from operating activities	<u>\$ 1,517,172</u>

Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts

Cash and investments	\$ 2,121,755
Redemption account	121,704
Reserve account	470,769
Depreciation account	19,426
Replacement account	92,520
	<u>92,520</u>
Total cash and investments	2,826,174
Less noncash equivalents	<u>(946,721)</u>
Cash and cash equivalents	<u>\$ 1,879,453</u>

SEWER UTILITY

Waunakee Utilities - Sewer

Statement of Net Position
December 31, 2022

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 3,386,312
Restricted assets:	
Redemption account	102,957
Customer accounts	385,839
Other	17,946
Due from municipality	<u>233</u>
Total current assets	<u>3,893,287</u>

Noncurrent Assets

Restricted assets:	
Reserve account	173,805
Replacement account	92,520
Net pension asset	75,537
Capital assets:	
Plant in service	18,187,552
Accumulated depreciation	<u>(4,528,232)</u>
Total noncurrent assets	<u>14,001,182</u>
Total assets	<u>17,894,469</u>

Deferred Outflows of Resources

Loss on advance refunding	10,852
Pension related amounts	149,629
Other postemployment related amounts	<u>16,739</u>
Total deferred outflows of resources	<u>177,220</u>

Waunakee Utilities - Sewer

Statement of Net Position
December 31, 2022

Liabilities and Deferred Inflows of Resources

Current Liabilities

Accounts payable	\$ 586,870
Accrued and other current liabilities	3,856
Customer advances for construction	92,500
Current liabilities payable from restricted assets:	
Current portion of long-term debt	155,000
Accrued interest	5,511
	<u>843,737</u>

Noncurrent Liabilities

Revenue bonds	1,116,000
Compensated absences	43,200
Net other postemployment benefits	37,508
	<u>1,196,708</u>
Total noncurrent liabilities	<u>1,196,708</u>
Total liabilities	<u>2,040,445</u>

Deferred Inflows of Resources

Pension related amounts	181,953
Other postemployment related amounts	4,290
	<u>186,243</u>
Total deferred inflows of resources	<u>186,243</u>

Net Position

Total net investment in capital assets	12,572,977
Restricted for:	
Debt service	271,251
Equipment replacement	92,520
Pension	75,537
Unrestricted	2,832,716
	<u>2,832,716</u>
Total net position	<u>\$ 15,845,001</u>

Waunakee Utilities - Sewer

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Operating Revenues

Wastewater charges	\$ 3,488,175
Other	<u>11,938</u>
Total operating revenues	<u>3,500,113</u>

Operating Expenses

Operation and maintenance	2,730,763
Depreciation	<u>339,085</u>
Total operating expenses	<u>3,069,848</u>
Operating income	<u>430,265</u>

Nonoperating Expenses

Investment income (loss)	(58,784)
Interest and fiscal charges	(33,673)
Amortization of loss on advance refunding	<u>(2,856)</u>
Total nonoperating expenses	<u>(95,313)</u>

Income before contributions 334,952

Capital Contributions

730,396
Change in net position 1,065,348

Net Position, Beginning

14,779,653

Net Position, Ending

\$ 15,845,001

Waunakee Utilities - Sewer

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows From Operating Activities

Received from customers	\$ 3,694,768
Paid to suppliers for goods and services	(2,002,841)
Paid to employees for operating payroll	<u>(151,118)</u>

Net cash flows from operating activities 1,540,809

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(654,751)
Capital contributions received	60,500
Debt retired	(150,000)
Interest paid	<u>(34,198)</u>

Net cash flows from capital and related financing activities (778,449)

Cash Flows From Investing Activities

Investments sold (purchased)	79,992
Investment income	<u>(58,784)</u>

Net cash flows from investing activities 21,208

Net change in cash and cash equivalents 783,568

Cash and Cash Equivalents, Beginning 1,494,685

Cash and Cash Equivalents, Ending \$ 2,278,253

Noncash Capital and Related Financing Activities

Developer financed additions to utility plant	<u><u>\$ 730,396</u></u>
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Waunakee Utilities - Sewer

Statement of Cash Flows

Year Ended December 31, 2022

Reconciliation of Operating Income to Net Cash Flows From Operating Activities

Operating income	\$ 430,265
Noncash items in operating income:	
Depreciation	339,085
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Customer accounts receivable	206,632
Other accounts receivable	(11,834)
Due from municipality	(143)
Pension related deferrals and assets	(15,589)
OPEB related deferrals and liabilities	5,352
Accounts payable	586,870
Accrued and other current liabilities	(629)
Compensated absences	800
	<u>800</u>
Net cash flows from operating activities	<u>\$ 1,540,809</u>

Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts

Cash and investments	\$ 3,386,312
Redemption account	102,957
Reserve account	173,805
Replacement account	<u>92,520</u>
Total cash and investments	3,755,594
Less noncash equivalents	<u>(1,477,341)</u>
Cash and cash equivalents	<u>\$ 2,278,253</u>

FORM OF LEGAL OPINION

(See following pages)

June 26, 2024

\$9,040,000*
Village of Waunakee
Dane County, Wisconsin
General Obligation Promissory Notes, Series 2024A

We have acted as bond counsel in connection with the issuance by the Village of Waunakee, Dane County, Wisconsin (the “Village”), of its \$9,040,000 General Obligation Promissory Notes, Series 2024A, dated June 26, 2024 (the “Notes”). We have examined the law and a certified copy of the proceedings of record of the Village preliminary to and in connection with the issuance of the Notes, as well as other documents and records which we have deemed necessary to render this opinion.

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

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

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

2. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes 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 Notes is taken into account in determining “annual adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes.

* Preliminary; subject to change.

Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes.

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

Very truly yours,

HUSCH BLACKWELL LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE AGREEMENT

(See following pages)

\$9,040,000*
Village of Waunakee
Dane County, Wisconsin
General Obligation Promissory Notes, Series 2024A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is executed and delivered by the Village of Waunakee, Dane County, Wisconsin (the “Village”), in connection with the issuance of \$9,040,000 General Obligation Promissory Notes, Series 2024A (the “Notes”). The Notes are being issued pursuant to the resolutions adopted by the Village Board on May 6, 2024 and June 3, 2024 (the “Resolutions”). The Village covenants and agrees as follows:

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

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

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

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

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

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

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

* Preliminary; subject to change.

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

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

“Noteholder” shall mean the registered owner or beneficial owner of any of the Notes.

“Official Statement” shall mean the final official statement dated June ____, 2024 delivered in connection with the Notes, which is available from the MSRB.

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

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

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

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

“Village Contact” shall mean the Village Clerk of the Village, 500 West Main Street, Waunakee, Wisconsin 53597.

Section 3. Provision of Annual Reports.

(a) The Village shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the Village’s Fiscal Year in each year, commencing with the Fiscal Year ending December 31, 2023, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Village shall provide the Annual Report to the Dissemination Agent, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Continuing Disclosure Agreement; provided that the Audited Financial Statements of the Village may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to each Repository as soon as available by the Village.

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

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

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

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

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

- Current Property Valuations
- Direct Debt
- Debt Limit
- Tax Levies and Collections

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

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Village;
- (13) The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Village, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Village, any of which reflect financial difficulties.

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

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

Section 7. Village Contact/Dissemination Agent. Information may be obtained from the Village Contact. The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may

discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

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

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

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

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

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, we have executed this Continuing Disclosure Agreement in our official capacities effective June 26, 2024.

**VILLAGE OF WAUNAKEE,
DANE COUNTY, WISCONSIN**

[SEAL]

By: _____
Kristin Runge, Village President

By: _____
Karla Endres, Village Clerk

NOTICE OF SALE

**\$9,040,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A
VILLAGE OF WAUNAKEE, WISCONSIN**

Bids for the purchase of \$9,040,000* General Obligation Promissory Notes, Series 2024A (the "Notes") of the Village of Waunakee, 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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on June 3, 2024, at which time they will be opened, read and tabulated. The bids will be presented to the Village Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purpose of paying certain costs including but not limited to street, park, and stormwater management improvements, construction of an addition to the police station, and professional and financing fees. Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated June 26, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$270,000	2032	\$390,000	2039	\$495,000
2026	685,000	2033	400,000	2040	510,000
2027	330,000	2034	415,000	2041	535,000
2028	345,000	2035	430,000	2042	560,000
2029	355,000	2036	445,000	2043	585,000
2030	365,000	2037	460,000	2044	610,000
2031	380,000	2038	475,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

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

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after June 1, 2034 shall be subject to optional redemption prior to maturity on June 1, 2033 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 Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

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

DELIVERY

On or about June 26, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Notes must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$8,927,000, nor more than \$9,763,200, plus accrued interest on the principal sum of \$9,040,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 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 \$180,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

- (1) the close of the fifth (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 Notes to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

Karla Endres, Village Clerk
Village of Waunakee, Wisconsin

BID FORM

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

June 3, 2024

RE: **\$9,040,000* General Obligation Promissory Notes, Series 2024A (the "Notes")**
DATED: **June 26, 2024**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$8,927,000, nor more than \$9,763,200) plus accrued interest to date of delivery for fully registered Notes 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	2044
_____ % due	2031	_____ % due	2038		

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

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

A good faith deposit ("Deposit") in the amount of \$180,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about June 26, 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 Preliminary Official Statement for the Notes.

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 26, 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 Waunakee, Wisconsin, on June 3, 2024.

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