

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2025

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the 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 "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Notes shall not be "qualified tax-exempt obligations".

New Issue

Rating: S&P Global Ratings "AA"/Stable Outlook

VILLAGE OF COTTAGE GROVE, WISCONSIN (Dane County)

\$3,335,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A

BID OPENING: May 5, 2025, 10:30 A.M., C.T.

CONSIDERATION: May 5, 2025, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,335,000* General Obligation Promissory Notes, Series 2025A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of Cottage Grove, Wisconsin (the "Village"), to raise funds for public purposes, including paying the cost of municipal vehicles and equipment, street and trail improvements, police station projects, utility improvements and park improvements. 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 Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: May 22, 2025

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$55,000	2030	\$570,000	2034	\$300,000
2027	70,000	2031	250,000	2035	320,000
2028	580,000	2032	280,000		
2029	610,000	2033	300,000		

***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: April 1, 2026 and semiannually thereafter.

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

MINIMUM BID: \$3,293,312.50.

MAXIMUM BID: \$3,668,500.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$66,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

REPRESENTATIONS

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

This Official Statement is not to be construed as a contract with the underwriter (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 Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the Village with respect to the Notes. 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 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 Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

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

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

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

CLOSING CERTIFICATES

Upon delivery of the 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 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.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT. 1</p> <p>THE NOTES. 1</p> <p style="padding-left: 20px;">GENERAL. 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION. 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE. 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES. 2</p> <p style="padding-left: 20px;">SECURITY. 2</p> <p style="padding-left: 20px;">RATING. 2</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE. 3</p> <p style="padding-left: 20px;">LEGAL MATTERS. 3</p> <p style="padding-left: 20px;">TAX EXEMPTION. 4</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT. 4</p> <p style="padding-left: 20px;">BOND PREMIUM. 5</p> <p style="padding-left: 20px;">NOT QUALIFIED TAX-EXEMPT OBLIGATIONS. 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR. 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES. 6</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS. 6</p> <p style="padding-left: 20px;">RISK FACTORS. 6</p> <p>VALUATIONS. 9</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES. 9</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS. 10</p> <p style="padding-left: 20px;">2024 EQUALIZED VALUE BY CLASSIFICATION. 10</p> <p style="padding-left: 20px;">TREND OF VALUATIONS. 10</p> <p style="padding-left: 20px;">LARGER TAXPAYERS. 11</p> <p>DEBT. 11</p> <p style="padding-left: 20px;">DIRECT DEBT. 11</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY. 12</p> <p style="padding-left: 20px;">FUTURE FINANCING. 12</p> <p style="padding-left: 20px;">DEBT LIMIT. 12</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT. 13</p> <p style="padding-left: 20px;">SCHEDULE OF SEWERAGE REVENUE DEBT. 16</p> <p style="padding-left: 20px;">SCHEDULE OF WATER REVENUE DEBT. 17</p> <p style="padding-left: 20px;">OVERLAPPING DEBT. 18</p> <p style="padding-left: 20px;">DEBT RATIOS. 18</p>	<p>TAX LEVIES AND COLLECTIONS. 19</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS. 19</p> <p style="padding-left: 20px;">PROPERTY TAX RATES. 20</p> <p style="padding-left: 20px;">LEVY LIMITS. 20</p> <p style="padding-left: 20px;">REVENUE FROM THE STATE. 21</p> <p>THE ISSUER. 22</p> <p style="padding-left: 20px;">VILLAGE GOVERNMENT. 22</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS. 22</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS. 24</p> <p style="padding-left: 20px;">LITIGATION. 24</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY. 24</p> <p style="padding-left: 20px;">FUNDS ON HAND 25</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS. 26</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION. 27</p> <p>GENERAL INFORMATION. 28</p> <p style="padding-left: 20px;">LOCATION. 28</p> <p style="padding-left: 20px;">LARGER EMPLOYERS. 28</p> <p style="padding-left: 20px;">BUILDING PERMITS. 29</p> <p style="padding-left: 20px;">U.S. CENSUS DATA. 30</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA. 30</p> <p>FINANCIAL STATEMENTS. A-1</p> <p>FORM OF LEGAL OPINION. B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM. C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE. D-1</p> <p>NOTICE OF SALE. E-1</p> <p>BID FORM</p>
--	---

**VILLAGE OF COTTAGE GROVE
VILLAGE BOARD**

		<u>Term Expires</u>
Cynthia Kelm-Nelson	Village President	April 2027
Pete Doll	Village Trustee	April 2026
Paula Severson	Village Trustee	April 2027
Vacant	Village Trustee	April 2026 ¹
Heidi Murphy	Village Trustee	April 2027
Chris Stoa	Village Trustee	April 2026
Rene Buenzoe	Village Trustee	April 2027

ADMINISTRATION

Matt Giese, Village Administrator
Cameron Sawyer, Assistant Administrator/Finance Director/Treasurer
Lisa Kalata, Village Clerk

PROFESSIONAL SERVICES

Larry Konopacki, Stafford Rosenbaum LLP, Village Attorney, Madison, Wisconsin
Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

¹ This position will remain vacant until a person is appointed by the Village Board.

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of Cottage Grove, Wisconsin (the "Village") and the issuance of its \$3,335,000* General Obligation Promissory Notes, Series 2025A (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 May 5, 2025.

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

THE 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 May 22, 2025. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2026, 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 April 1, 2033 shall be subject to optional redemption prior to maturity on April 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the 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 such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each 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, to raise funds for public purposes, including paying the cost of municipal vehicles and equipment, street and trail improvements, police station projects, utility improvements and park improvements.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$3,335,000	
Estimated Interest Earnings	<u>33,000</u>	
Total Sources		\$3,368,000
Uses		
Estimated Underwriter's Discount	\$41,688	
Costs of Issuance	93,650	
Deposit to Project Construction Fund	3,228,005	
Rounding Amount	<u>4,657</u>	
Total Uses		\$3,368,000

*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

The Village received a rating of "AA"/Stable Outlook from S&P Global Ratings ("S&P") on the Notes, and bidders were notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

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

A failure by the Village to comply with the Disclosure Undertaking will not constitute an event of default on the 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. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village ("Bond Counsel"), and will be available at the time of delivery of the 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). (See "FORM OF LEGAL OPINION" found in Appendix B).

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

or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 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 "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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. 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.

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

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

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

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

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

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

BOND PREMIUM

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

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, 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, 2024 have been audited by Baker Tilly US, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this 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. Potential investors should read this Official Statement, including the appendices, in its entirety.

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 of Wisconsin (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.

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

2024 Equalized Value	\$1,358,209,100
2024 Equalized Value Reduced by Tax Increment Valuation	\$1,068,829,200
2024 Assessed Value	\$1,045,412,300

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value¹	Percent of Total Equalized Value
Residential	\$979,713,900	72.133%
Commercial	368,188,100	27.108%
Manufacturing	9,152,300	0.674%
Agricultural	267,200	0.020%
Undeveloped	183,400	0.014%
Ag Forest	157,500	0.012%
Forest	91,000	0.007%
Other	455,700	0.034%
Personal Property ²	<u>0</u>	<u>0.000%</u>
 Total	 <u><u>\$1,358,209,100</u></u>	 <u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2020	\$847,290,000	\$842,628,700	5.50%
2021	882,574,900	906,457,000	7.57%
2022	944,834,300	1,006,437,800	11.03%
2023	1,013,484,200	1,241,981,400	23.40%
2024	1,045,412,300	1,358,209,100	9.36%

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

¹ Includes tax increment valuation.

² Personal property has been exempted from taxation as of January 1, 2024 (see "TAX LEVIES AND COLLECTIONS" herein).

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2024 Equalized Value ¹	Percent of Village's Total Equalized Value
Continental 607 Fund, LLC	Apartments	\$47,348,893	3.49%
Cottage Grove Commons, LLC	Apartments	38,003,163	2.80%
Summit Credit Union	Credit Union	36,789,702	2.71%
CG Commons 105, LLC	Apartments	20,608,703	1.52%
Drumlin Reserve Property, LLC ²	Care Facility	17,376,584	1.28%
Johnson Health Tech North America, Inc.	Commercial Building	13,111,617	0.97%
Movin' Out Glen Grove Cottage Grove, LLC	Apartments	9,188,006	0.68%
Landmark Services Cooperative	Commercial Building	8,626,488	0.64%
Stihl, Inc.	Tool Manufacturer/Distributor	7,394,448	0.54%
Badger Hotel Group, LLC	Hotel	<u>7,289,862</u>	<u>0.54%</u>
Total		\$198,534,651	14.62%
Village's Total 2024 Equalized Value ³		\$1,358,209,100	

Source: The Village.

DEBT

DIRECT DEBT⁴

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$31,766,521</u></u>
---	----------------------------

*Preliminary, subject to change.

¹ Calculated by dividing the 2024 Assessed Values by the 2024 Aggregate Ratio of assessment for the Village.

² This taxpayer has applied for exemption from taxation.

³ Includes tax increment valuation.

⁴ Outstanding debt is as of the dated date of the Notes.

Revenue Debt (see schedules following)

Total revenue debt secured by sewerage revenues	<u>\$896,458</u>
Total revenue debt secured by water revenues	<u>\$2,268,287</u>

DEBT PAYMENT HISTORY

Due to an administrative error, the Village did not timely process the October 1, 2021 interest payments on its General Obligation Promissory Notes, dated September 5, 2012, Taxable General Obligation Refunding Bonds, dated September 5, 2012 and General Obligation Refunding Bonds, Series 2014A, dated June 12, 2014. The Village set up a wire payment to DTC which was processed on October 5, 2021. The Village has since appointed BTSC as Fiscal Agent for the above-described issues.

FUTURE FINANCING

The Village plans to issue water and sewer revenue bonds for utility system improvements in the amount of approximately \$9,500,000 and to issue general obligation debt for a new Police Station and capital projects in the amount of approximately \$25,000,000 within the next 12 months; however, the timing and final amount of such borrowings have not yet been determined. Aside from the preceding, the Village has no current plans for additional financing in the next 12 months.

DEBT LIMIT

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

Equalized Value	\$1,358,209,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$67,910,455
Less: General Obligation Debt*	<u>(31,766,521)</u>
Unused Debt Limit*	<u>\$36,143,934</u>

*Preliminary, subject to change.

Village of Cottage Grove, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 05/22/2025)

	Sewerage System Promissory Notes (CWFL) Series 2009		Refunding Bonds Series 2014A		Refunding Bonds Series 2015B		Corporate Purpose Bonds Series 2017A		Sewerage Project Bonds Series 2018A	
Dated	02/25/2009		06/12/2014		04/07/2015		04/12/2017		06/20/2018	
Amount	\$1,561,922		\$6,420,000		\$4,200,000		\$6,500,000		\$2,415,000	
Maturity	05/01		04/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	4,029	0	7,875	0	20,838	0	38,869	0	18,234
2026	98,033	6,750	700,000	7,875	240,000	38,675	575,000	69,113	85,000	35,194
2027	100,648	4,100			245,000	32,613	290,000	56,138	85,000	32,644
2028	103,334	1,378			240,000	25,950	230,000	48,338	90,000	30,019
2029					260,000	18,450	230,000	41,438	90,000	27,319
2030					245,000	10,875	125,000	36,113	90,000	24,619
2031					240,000	3,600	125,000	32,363	90,000	21,919
2032							125,000	28,300	85,000	19,241
2033							130,000	23,838	85,000	16,584
2034							140,000	18,938	85,000	13,928
2035							145,000	13,594	90,000	11,138
2036							145,000	8,156	90,000	8,213
2037							145,000	2,719	95,000	5,147
2038									105,000	1,772
2039										
2040										
2041										
2042										
2043										
	302,015	16,257	700,000	15,750	1,470,000	151,000	2,405,000	417,913	1,165,000	265,969

--Continued on next page

Village of Cottage Grove, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/22/2025)

	Promissory Notes Series 2019A		Park and Public Grounds Bonds Series 2020A		State Trust Fund Loan		Corporate Purpose Bonds Series 2022A		Corporate Purpose Bonds Series 2023A	
Dated	07/22/2019		06/18/2020		03/29/2022		08/04/2022		06/22/2023	
Amount	\$785,000		\$1,820,000		\$1,000,000		\$7,795,000		\$3,015,000	
Maturity	04/01		04/01		03/15		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	4,813	0	14,050	0	0	0	131,663	0	58,150
2026	82,000	8,482	80,000	27,300	204,694	10,363	220,000	258,925	155,000	112,425
2027	85,000	6,152	85,000	25,650	209,812	5,245	200,000	250,525	165,000	104,425
2028	88,000	3,739	85,000	23,950			220,000	242,125	170,000	96,050
2029	90,000	1,256	85,000	22,250			245,000	232,825	105,000	89,175
2030			90,000	20,500			375,000	220,425	115,000	83,675
2031			90,000	18,700			405,000	204,825	115,000	77,925
2032			90,000	16,900			540,000	188,625	125,000	71,925
2033			95,000	15,050			500,000	173,025	130,000	66,200
2034			95,000	13,150			495,000	158,100	130,000	61,000
2035			95,000	11,250			495,000	142,013	140,000	55,600
2036			100,000	9,300			490,000	124,775	145,000	49,900
2037			100,000	7,300			485,000	106,500	150,000	44,000
2038			105,000	5,250			490,000	87,000	155,000	37,900
2039			105,000	3,150			490,000	67,400	160,000	31,600
2040			105,000	1,050			485,000	47,900	165,000	25,100
2041							480,000	28,600	175,000	18,300
2042							475,000	9,500	185,000	11,100
2043									185,000	3,700
	345,000	24,440	1,405,000	234,800	414,506	15,608	7,090,000	2,674,750	2,670,000	1,098,150

--Continued on next page

Village of Cottage Grove, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/22/2025)

Calendar Year Ending	Taxable Promissory Notes Series 2024A		Promissory Notes Series 2024B		Promissory Notes Series 2025A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated	Amount	Dated	Amount	Dated	Amount						
	03/21/2024	\$4,975,000	05/23/2024	\$6,155,000	05/22/2025	\$3,335,000*						
	Maturity	04/01	Maturity	04/01	Maturity	04/01						
	Principal	Interest	Principal	Interest	Principal	Estimated Interest						
2025	0	111,696	0	136,275	0	0	0	546,491	546,491	31,766,521	.00%	2025
2026	555,000	209,518	805,000	252,425	55,000	174,404	3,854,727	1,211,447	5,066,175	27,911,794	12.13%	2026
2027	580,000	181,143	280,000	225,300	70,000	125,815	2,395,460	1,049,748	3,445,208	25,516,334	19.68%	2027
2028	610,000	151,393	350,000	209,550	580,000	113,790	2,766,334	946,281	3,712,615	22,750,000	28.38%	2028
2029	645,000	120,018	300,000	193,300	610,000	91,623	2,660,000	837,652	3,497,652	20,090,000	36.76%	2029
2030	675,000	87,018	290,000	178,550	570,000	69,213	2,575,000	730,986	3,305,986	17,515,000	44.86%	2030
2031	710,000	52,393	265,000	164,675	250,000	53,365	2,290,000	629,764	2,919,764	15,225,000	52.07%	2031
2032	745,000	17,321	345,000	149,425	280,000	42,960	2,335,000	534,697	2,869,697	12,890,000	59.42%	2032
2033			365,000	131,675	300,000	31,430	1,605,000	457,802	2,062,802	11,285,000	64.48%	2033
2034			475,000	110,675	300,000	19,355	1,720,000	395,146	2,115,146	9,565,000	69.89%	2034
2035			270,000	93,400	320,000	6,640	1,555,000	333,634	1,888,634	8,010,000	74.78%	2035
2036			275,000	82,500			1,245,000	282,844	1,527,844	6,765,000	78.70%	2036
2037			275,000	71,500			1,250,000	237,166	1,487,166	5,515,000	82.64%	2037
2038			275,000	60,500			1,130,000	192,422	1,322,422	4,385,000	86.20%	2038
2039			275,000	49,500			1,030,000	151,650	1,181,650	3,355,000	89.44%	2039
2040			275,000	38,500			1,030,000	112,550	1,142,550	2,325,000	92.68%	2040
2041			275,000	27,500			930,000	74,400	1,004,400	1,395,000	95.61%	2041
2042			275,000	16,500			935,000	37,100	972,100	460,000	98.55%	2042
2043			275,000	5,500			460,000	9,200	469,200	0	100.00%	2043
	4,520,000	930,498	5,945,000	2,197,250	3,335,000	728,594	31,766,521	8,770,979	40,537,499			

* Preliminary, subject to change.

**Village of Cottage Grove, Wisconsin
 Schedule of Bonded Indebtedness Revenue Debt
 Secured by Sewerage Revenues
 (As of 05/22/2025)**

Sewerage Revenue Bonds (CWFL) Series 2009								
Dated	02/25/2009							
Amount	\$4,636,221							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	11,959	0	11,959	11,959	896,458	.00%	2025
2026	290,987	20,036	290,987	20,036	311,023	605,471	32.46%	2026
2027	298,750	12,169	298,750	12,169	310,919	306,721	65.79%	2027
2028	306,721	4,092	306,721	4,092	310,813	0	100.00%	2028
	896,458	48,255	896,458	48,255	944,713			

Village of Cottage Grove, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 05/22/2025)

	Water System Revenue Bonds (SDWFL) Series 2013		Water System Revenue Bonds (SDWFL) Series 2015		Water System Revenue Bonds (SDWFL) Series 2016							
Dated Amount	06/12/2013 \$2,646,556		12/23/2015 \$716,958		12/28/2016 \$1,072,280							
Maturity	05/01		05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	11,862	0	3,526	0	4,940	0	20,328	20,328	2,268,287	.00%	2025
2026	143,967	22,338	36,366	6,726	53,968	9,464	234,301	38,528	272,829	2,033,987	10.33%	2026
2027	146,738	19,540	37,016	6,070	54,799	8,627	238,553	34,236	272,790	1,795,434	20.85%	2027
2028	149,563	16,688	37,678	5,402	55,643	7,776	242,884	29,866	272,750	1,552,550	31.55%	2028
2029	152,442	13,781	38,351	4,722	56,500	6,913	247,293	25,416	272,710	1,305,256	42.46%	2029
2030	155,377	10,818	39,037	4,031	57,370	6,036	251,784	20,885	272,669	1,053,473	53.56%	2030
2031	158,368	7,799	39,735	3,326	58,254	5,146	256,356	16,271	272,627	797,117	64.86%	2031
2032	161,416	4,721	40,445	2,610	59,151	4,242	261,012	11,572	272,584	536,104	76.37%	2032
2033	164,523	1,584	41,169	1,880	60,062	3,324	265,754	6,787	272,541	270,351	88.08%	2033
2034			41,905	1,137	60,987	2,392	102,891	3,529	106,420	167,459	92.62%	2034
2035			42,654	381	61,926	1,445	104,580	1,827	106,406	62,880	97.23%	2035
2036					62,880	484	62,880	484	63,364	0	100.00%	2036
	1,232,393	109,130	394,355	39,811	641,539	60,788	2,268,287	209,729	2,478,016			

OVERLAPPING DEBT¹

Taxing District	2024 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$107,504,867,100	1.2634%	\$758,555,000	\$9,583,584
Madison Area Technical College District ⁴	146,867,638,440	0.9248%	170,525,000	1,577,015
Monona Grove School District	3,958,302,437	34.0709%	78,385,000	26,706,475
Sun Prairie School District	9,035,642,720	0.1060%	272,395,000	288,739
Madison Metropolitan Sewerage District	78,772,697,118	1.6981%	115,087,121	<u>1,954,294</u>
Village's Share of Total Overlapping Debt				<u><u>\$40,110,107</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,358,209,100	Debt/ Per Capita 9,345 ⁵
Total General Obligation Debt*	\$31,766,521	2.34%	\$3,399.31
Village's Share of Total Overlapping Debt	<u>40,110,107</u>	<u>2.95%</u>	<u>4,292.15</u>
Total*	\$71,876,628	5.29%	\$7,691.45

*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 Includes the \$3,000,000 General Obligation Promissory Notes, Series 2024-25I anticipated to close May 6, 2025.

⁵ Estimated 2024 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
2020/21	\$4,410,900	100%	\$6.09
2021/22	4,704,987	100%	6.20
2022/23	5,054,113	100%	6.27
2023/24	5,482,883	100%	5.78
2024/25	6,146,800	In Progress	5.75

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.

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. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly 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
2020/21	\$13.34	\$3.25	\$6.09	\$22.68
2021/22	12.33	3.28	6.20	21.81
2022/23	11.03	3.05	6.27	20.35
2023/24	11.47	3.09	5.78	20.34
2024/25	10.27	2.92	5.75	18.94

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

LEVY LIMITS

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

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

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount

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

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

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

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

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

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

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

The 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. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 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 received approximately \$366,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$46,000 received in 2023. The Village is expected to receive approximately \$372,000 in shared revenue under Chapter 79, Wis. Stats. in 2025. 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 1923 and is governed by the Village President and six other Village Board members. Board members are elected to serve staggered two-year terms. The President votes in all cases. The appointed Village Administrator, Village Clerk and Village Finance Director/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 47 full-time, one part-time, and 20 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, 2022, the fiscal year ended December 31, 2023 and the fiscal year ended December 31, 2024 ("Fiscal Year 2024"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$207,071, \$272,731, and \$357,428, 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, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2024, the Village reported a liability of \$267,495 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2023 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 0.01799128% of the aggregate WRS net pension liability as of December 31, 2023.

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

requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 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.¹

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. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, 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

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

OTHER POST EMPLOYMENT BENEFITS

The Village provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the Village and have satisfied specified eligibility standards. Eligible retirees may remain on the Village's group health plan, but are responsible for payment of the full cost of premiums, resulting in an implicit rate subsidy benefit. The Village had an actuarial study completed in July 2024 to measure the plan's liability, which was measured as \$320,709 as of December 31, 2023.

The Village also participates in 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. The Village's auditor has determined that the above-described benefits are no longer material for inclusion in the notes to the Village's financial statements.

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 February 28, 2025)

Fund	Total Cash and Investments
Lake Ridge Bank	\$18,063,465
LGIP	124,505
BNY Mellon-Pershing	<u>3,408,862</u>
Total Funds on Hand	<u><u>\$21,596,831</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:

	2022 Audited	2023 Audited	2024 Audited
Water¹			
Total Operating Revenues	\$1,437,618	\$1,578,572	\$2,032,368
Less: Operating Expenses	<u>(1,150,611)</u>	<u>(1,362,638)</u>	<u>(1,483,827)</u>
Operating Income	\$287,007	\$215,934	\$548,541
Plus: Depreciation	443,219	462,881	473,044
Interest Income	<u>(22,468)</u>	<u>86,815</u>	<u>82,348</u>
Revenues Available for Debt Service	<u><u>\$707,758</u></u>	<u><u>\$765,630</u></u>	<u><u>\$1,103,933</u></u>
Sewer²			
Total Operating Revenues	\$2,516,282	\$2,714,966	\$2,736,234
Less: Operating Expenses	<u>(2,044,045)</u>	<u>(2,289,105)</u>	<u>(2,738,635)</u>
Operating Income	\$472,237	\$425,861	(\$2,401)
Plus: Depreciation	536,174	557,422	587,058
Interest Income	<u>2,325</u>	<u>158,165</u>	<u>192,410</u>
Revenues Available for Debt Service	<u><u>\$1,010,736</u></u>	<u><u>\$1,141,448</u></u>	<u><u>\$777,067</u></u>

¹ The Village implemented an 8% Simplified Rate increase effective October 1, 2023. The Village submitted a conventional rate increase request to the Wisconsin Public Service Commission (“WPSC”), which was approved by the WPSC and implemented by the Village on April 1, 2024. The water bill for an average consumer who uses 4,000 gallons of water per month will increase from \$38.18 to \$47.34 or 23.99%, including the public fire protection charge. The total estimated increase in water revenues from the rate increase is \$393,857. Starting the month of April 2024, both water and sewer charges were now billed monthly.

² The Village implemented a 10% rate increase effective January 1, 2025.

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 2024 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2021	2022	2023	2024	2025
	Audited	Audited	Audited	Audited	Adopted
					Budget 1)
Revenues					
Taxes and Special assessments	\$3,390,781	\$3,516,308	\$3,847,991	\$4,173,257	\$4,580,689
Intergovernmental	534,479	656,169	571,660	956,956	1,006,921
Licenses and permits	507,615	144,753	193,653	1,592,453 3)	211,500
Fines, forfeitures and penalties	37,703	71,357	69,327	119,378	107,000
Public charges for services	417,423	507,889	436,087	778,099	722,300
Investment income (loss)	33,271	32,024	301,876	421,184	160,000
Miscellaneous	24,922	17,147	99,295	110,360	71,342
Total Revenues	<u>\$4,946,194</u>	<u>\$4,945,647</u>	<u>\$5,519,889</u>	<u>\$8,151,687</u>	<u>\$6,859,752</u>
Expenditures					
Current:					
General government	\$768,708	\$857,112	\$856,791	\$1,052,239	\$1,093,414
Public safety	2,491,863	2,633,171	2,890,666	4,520,921 3)	3,770,756
Public works	1,103,010	1,105,757	1,045,522	1,274,505	1,202,859
Health and human services	0	25,359	28,000	31,116	34,000
Culture, recreation and education	641,907	665,523	747,756	806,843	915,971
Conservation and development	101,129	411,289	104,183	112,854	111,660
Total Expenditures	<u>\$5,106,617</u>	<u>\$5,698,211</u>	<u>\$5,672,918</u>	<u>\$7,798,478</u>	<u>\$7,128,660</u>
Excess of revenues over (under) expenditures	(\$160,423)	(\$752,564)	(\$153,029)	\$353,209	(\$268,908)
Other Financing Sources (Uses)					
Sale of village property	\$0	\$97,659	\$0	\$5,905	\$0
Transfers in	338,368	310,101	326,796	354,324	315,000
Transfers (out)	(45,500)	0	(31,190)	(284,165)	(46,092)
Total Other Financing Sources (Uses)	<u>292,868</u>	<u>407,760</u>	<u>295,606</u>	<u>76,064</u>	<u>268,908</u>
Net changes in Fund Balances	\$132,445	(\$344,804) 2)	\$142,577	\$429,273	\$0
General Fund Balance January 1	<u>\$2,255,064</u>	<u>\$2,387,509</u>	<u>\$2,042,705</u>	<u>\$2,185,282</u>	
General Fund Balance December 31	\$2,387,509	\$2,042,705	\$2,185,282	\$2,614,555	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$442,278	\$328,737	\$190,270	\$200,905	
Assigned	338,368	310,101	326,796	306,599	
Unassigned	1,606,863	1,403,867	1,668,216	2,107,051	
Total	<u>\$2,387,509</u>	<u>\$2,042,705</u>	<u>\$2,185,282</u>	<u>\$2,614,555</u>	

- 1) The 2025 budget was adopted on October 28, 2024.
- 2) \$311,839 of nonspendable reserves were used to forgive TID 6 advance for non-recoverable costs as planned through prior levy strategy. From 2022 until the closure of TID 6, the Village will set aside reserves in the debt service fund to pay any shortfall of increment to cover debt service payments. The remaining \$32,965 was due to inflationary factors.
- 3) \$1,414,366 in revenues and \$1,229,608 in expenses are due to a new Amazon distribution facility built in the Village.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 7,303 and a current estimated population of 9,345 comprises an area of 3.45 square miles and is located approximately 15 miles east of the City of Madison and 70 miles west of the City of Milwaukee, Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Summit Credit Union	Headquarters and credit union	678
Monona Grove School District	Elementary and secondary education	507 ²
Johnson Health Tech	Exercise equipment	300
Hydrite Chemical Co.	Chemicals	120
Atlantis Valley Foods LLC	Micro market, vending machine and catering	120
Cottage Grove Co-op	Farm supplies	118
ALCIVIA	Farm supplies	100
The Village	Municipal government and services	68
1855 Saloon and Grill	Restaurants	60
Wildwood Family Clinics	Physical therapists	60

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

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

² This is the employment number for the complete district, not just the Cottage Grove location.

BUILDING PERMITS

	2021	2022	2023	2024	2025 ¹
<u>New Single Family Homes</u>					
No. of building permits	28	27	41	40	2
Valuation	\$13,191,660	\$13,100,500	\$18,565,032	\$24,139,753	\$948,875
<u>New Multiple Family Buildings</u>					
No. of building permits	10	1	1	0	0
Valuation	\$87,200,000	\$2,500,000	\$6,200,000	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	62	28	2	5	0
Valuation	\$15,768,230	\$6,666,612	\$4,710,000	\$305,049,812 ²	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	241	255	329	312	30
Valuation	\$119,633,068	\$26,122,405	\$43,826,286	\$338,041,889	\$1,627,887

Source: The Village.

¹ As of February 28, 2025.

² Includes new Amazon facility.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	6,192
2020 U.S. Census Population	7,303
Percent of Change 2010 - 2020	17.94%
2024 Estimated Population	9,345

Income and Age Statistics

	The Village	Dane County	State of Wisconsin	United States
2023 per capita income	\$54,634	\$51,486	\$42,019	\$43,289
2023 median household income	\$132,717	\$88,108	\$75,670	\$78,538
2023 median family income	\$139,245	\$122,020	\$97,261	\$96,922
2023 median gross rent	\$1,500	\$1,345	\$1,045	\$1,348
2023 median value owner occupied units	\$401,900	\$366,100	\$247,400	\$303,400
2023 median age	40.0 yrs.	35.6 yrs.	40.1 yrs.	38.7 yrs.

	State of Wisconsin	United States
Village % of 2023 per capita income	130.02%	126.21%
Village % of 2023 median family income	143.17%	143.67%

Housing Statistics

	<u>The Village</u>		
	2020	2023	Percent of Change
All Housing Units	2,727	3,328	22.04%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2023 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	Dane County	State of Wisconsin
2021	319,649	2.9%	3.8%	
2022	324,324	2.1%	2.8%	
2023	331,631 ¹	2.3% ¹	2.8%	
2024	N/A	N/A	3.0% ¹	
2025, February	332,170 ¹	2.7% ¹	3.8%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary

FINANCIAL STATEMENTS

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

Financial Statements and
Supplementary Information

December 31, 2024

Prepared By:

Finance Department
Cameron Sawyer, CPA, Finance Director
Casandra Smith, Comptroller

Village of Cottage Grove

Table of Contents
December 31, 2024

	<u>Page</u>
Independent Auditors' Report	i
Required Supplementary Information	
Management's Discussion and Analysis	iv
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10
Statement of Fiduciary Net Position - Custodial Fund	12
Statement of Changes in Fiduciary Net Position - Custodial Fund	13
Index to Notes to Financial Statements	14
Notes to Financial Statements	15
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	49
Schedule of Proportionate Share of the Net Pension (Asset) Liability - Wisconsin Retirement System	53
Schedule of Employer Contributions - Wisconsin Retirement System	53
Notes to Required Supplementary Information	54
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57

Independent Auditors' Report

To the Village Board of
Village of Cottage Grove

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 Cottage Grove, Wisconsin (the Village), as of and for the year ended December 31, 2024, 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, 2024 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 Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 101, *Compensated Absences*, effective January 1, 2024. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, changes in the presentation of funds within the financial statements had occurred and adjustments were made to the reporting periods beginning fund balance and net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 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.

Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
April 11, 2025

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

The management of the Village of Cottage Grove offers all persons interested in the financial position of the Village this general overview of the Village's financial performance during the fiscal year ending on December 31, 2024. Please read this report in conjunction with the Village's financial statements.

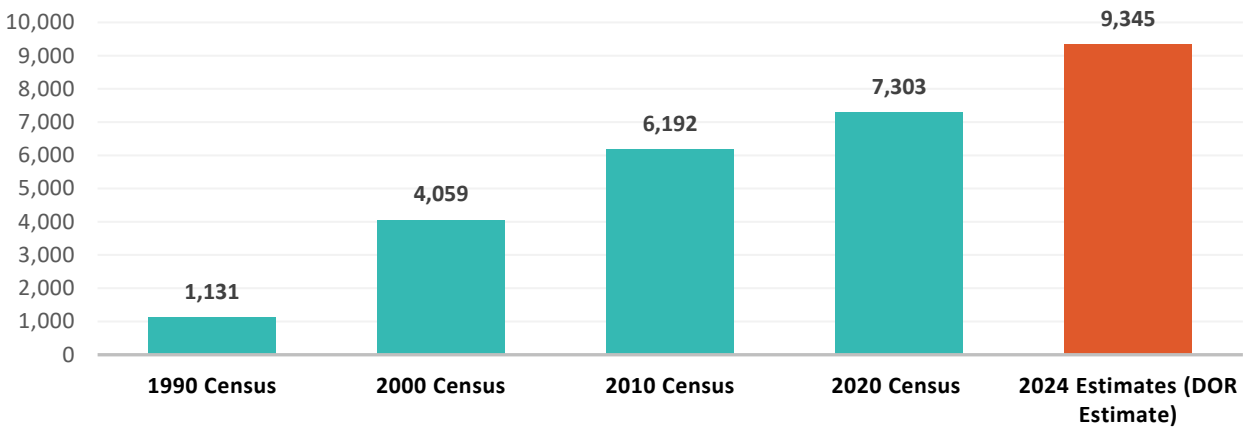
Financial Highlights

The following are some events that have had an impact on the Village's 2024 financials:

Population Highlights and Trends

The Village has seen steady population growth over the past two decades. The Village population has grown by 2,042 or 27.96% since the 2020 census.

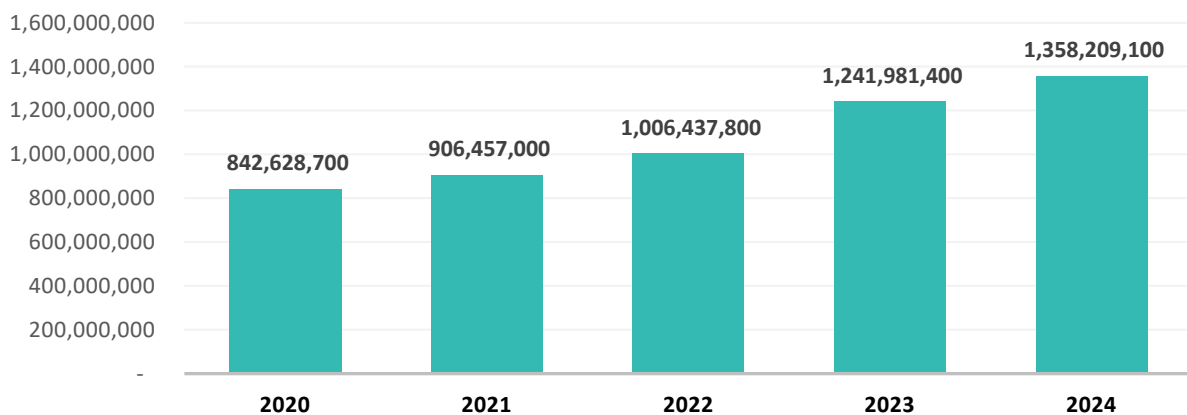
Population



Equalized Value Highlights and Trends

Strong activity in the Tax Incremental Financing Districts as well as residential development have played a significant role in the increase in equalized value. The equalized value of the Village increased by \$116,227,700 or 9.4% compared to 2023. The equalized value has increased by \$729,989,300 since 2015 or an increase of 116.2%.

Equalized Value



Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Economy and Net New Construction Highlights and Trends

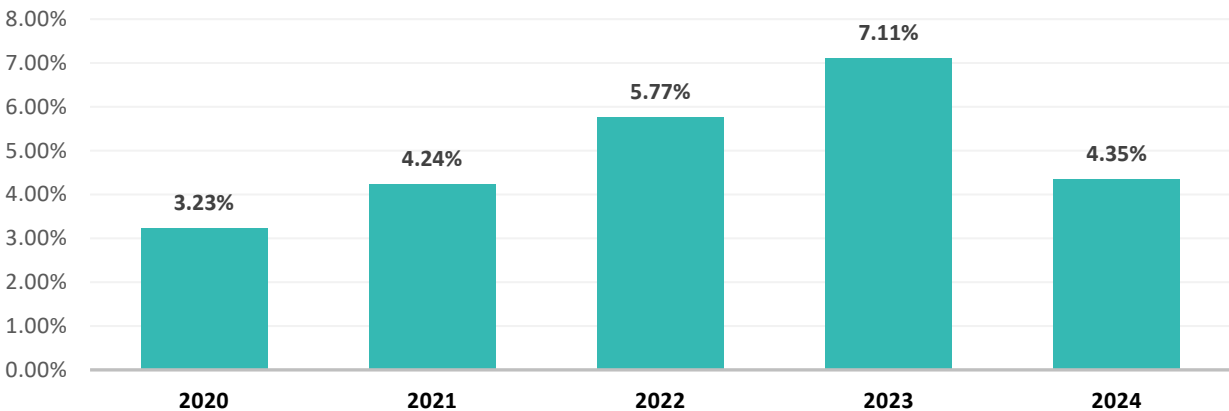
The State of Wisconsin continues to limit municipalities' ability to levy taxes. Generally, the Village is limited to its prior year tax levy dollar amount (excluding TIF districts), increased by the percentage increase in value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from levy limits. The Village is also required to reduce its allowable levy by fee revenue it collects for certain services if they were funded by the tax levy in the prior year. Levies may exceed the allowable limits if approved by referendum.

Net New Construction – The Village has seen steady increases in net new construction. In 2024, the Village had \$54,084,300 or 4.35% increase in net new construction.

Economy (Commercial) – there were 5 commercial permits taken out, bringing a value of \$305,049,812 into the Village.

Economy (Residential) – the Village had 40 new house starts, valued at \$24,139,753.

Net New Construction



Tax Incremental Financing Districts

The Village continues to draw a variety of development projects utilizing six active Tax Incremental Financing Districts. TIF Districts Nos. 5 and 6 are currently past the last date to incur project costs. Once these districts have recovered project costs defined in their respective project plans, or extended by the Village Board, they will close. This is estimated to be 2026.

TID District No. 7 closed August 31, 2024. Revenues exceeded project costs which resulted in surplus payments made to the General fund and overlying taxing jurisdictions.

TIF District No. 8 has two developments constructed in 2024. The value of these developments is estimated to be \$4,500,000.

TIF District No. 10 has one major development currently being constructed with a minimum value guarantee of \$250,000,000.

Village of Cottage Grove

Management's Discussion and Analysis
 December 31, 2024
 (Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Tax Incremental Financing Districts (Cont.)

The following table summarizes the Village's TIF district property value status:

TID No.	Base Year	Last Year to Collect Increment	Base Value	1/1/24 Value	Increment
5	2003	2027	\$ 2,896,100	\$ 235,021,600	\$ 232,125,500
6	2005	2025	6,068,800	9,051,800	2,983,000
8	2018	2039	2,611,600	4,098,400	1,486,800
9	2018	2039	9,893,500	58,954,500	49,061,000
10	2018	2039	1,241,600	4,965,200	3,723,600
			\$ 22,711,600	\$ 312,091,500	\$ 289,379,900

TIF No.	1/1/24 Value	1/1/23 Value	Dollar change	Percent change
5	\$ 235,021,600	\$ 222,469,500	\$ 12,552,100	5.64%
6	9,051,800	8,956,600	95,200	1.06
8	4,098,400	2,757,600	1,340,800	48.62
9	58,954,500	37,625,100	21,329,400	56.69
10	4,965,200	4,726,700	238,500	5.05
	\$ 312,091,500	\$ 276,535,500	\$ 35,556,000	12.86%

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Overview of the Financial Statements

The financial statements consist of the following parts:

- 1) Management's Discussion and Analysis
- 2) Basic Financial Statements:
 - a) Government-Wide Financial Statements
 - b) Fund Financial Statements
 - c) Notes to the Financial Statements
- 3) Required Supplementary Information
- 4) Combining Balance Sheet – Nonmajor Governmental Funds
- 5) Combining Statement of Revenues, Expenditures and Changes to Fund Balances – Nonmajor Governmental Funds

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are government-wide financial statements that provide both long- term and short-term information about the Village's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Village government and report the Village's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information found in the financial statements. In addition to these required elements, a section is included with combining statements that provides details about our nonmajor government funds. The nonmajor funds are added together and presented in single columns in the basic financial statements.

Government-Wide Financial Statements

In this section of the audit report you will find information about the reporting government/Village as a whole. It also distinguishes between governmental and business-type activities – governmental for example are financed through taxes, intergovernmental revenues or other types of revenue. In the business-type activity a fee is usually associated with the activity.

This section does not provide the detail of the Fund Financial Statements but instead combines the activity into an overview of the transactions that have happened over the year. It does not, however, include Fiduciary Funds which are shown in the Fund Financial Statements section of the audit report.

The Statement of Net Position gives the reader the ability to see what has impacted the Village's assets over the past year. This Statement also takes into account any liabilities that the Village has or may have incurred over the year that is still outstanding at year end. It is a good indicator of the overall health of the Village and its economy. This report usually defines the major categories within the Village – *Governmental Activities* are basic services provided by the Village such as police, fire, public works, parks, etc. *Business-Type Activities* are services provided that are or may be operated in a more business-like manner – sewer and water utilities.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Fund Financial Statements

In this section of the audit report individual funds are identified and reported in greater detail. Individual funds provide for an accounting mechanism that allows the Village to keep track of revenues and expenditures by a specific purpose or type. Each of these funds is considered a separate accounting entity. Each has its own account structure including assets, liabilities, equity, revenue and expense accounts.

In the most recent updates to accounting and audit practices the audit report recognizes major and nonmajor governmental funds.

Major Governmental Funds

- *General Fund* – Fund #100, this fund is comprised of all the day-to-day operational revenue and expenditure accounts for the Village.
- *General Debt Service Fund* – Fund #300, this fund is used to record and track all interest and principal payments made on debt that the Village has incurred.
- *Public Infrastructure Fund* – Fund #412, this fund is used to account for financing sources and expenditures related to general capital improvements to Village buildings and infrastructure as well as equipment purchases.
- *TIF District #5* – Fund #405, a fund required to record the expenses and revenues pertaining to this District.
- *TIF District #9* – Fund #509, a fund required to record the expenses and revenues pertaining to this District.

Nonmajor Governmental Funds

Special Revenue Funds

- *Park Development Fees* – Fund #205, this fund is solely supported by fees paid by developers for new parks either dedicated to the Village or fees in lieu of dedication to the Village.
- *Developer Deposits* – Fund #210, this fund represents the activity for developments provided by professional services (lawyer, engineer, planning) which are then billed back to each developer.
- *Library* – Fund #204, this fund tracks activity related to library programming.
- *American Rescue Plan Act* – Fund #206, this fund tracks activity related to the Village's Coronavirus State and Local Fiscal Recovery Fund award from the U.S. Department of Treasury. Essentially all ARPA funding has been used by the end of 2024.
- *Tourism* – Fund #207, this fund represents the activity for room tax collection and distribution of 70% funds collected to an entity that promotes tourism per state statute. The Village has partnered with the Cottage Grove Chamber of Commerce.
- *Affordable Housing* – Fund 208, this fund represents the activity related to the affordable housing extension per state Wis. State Stat. 66.1105(6)(g). At least 75% of the increment received from a Tax Incremental Financing District in its year of extension is restricted to benefit affordable housing. The remaining portion, up to 25% may be used to improve the housing stock.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Capital Project Funds

- *Capital Projects* – Fund #410, this fund is used to account for financing sources and expenditures related to general capital improvements to Village buildings and equipment purchases.
- *ERIM* – Fund #411, this fund is used to account for financing sources and expenditures related to general capital improvements to Village infrastructure as well as equipment purchases.
- *Tax Incremental Financing District #6* – Fund #406, a fund required to record the expenses and revenues pertaining to this District.
- *Tax Incremental Financing District - #7* – Fund #407 a fund required to record the expenses and revenues pertaining to this District.
- *Tax Incremental Financing District #8* – Fund #508, a fund required to record the expenses and revenues pertaining to this District.
- *Tax Incremental Financing District #10* – Fund #510, a fund required to record the expenses and revenues pertaining to this District.

The Village maintains and adopts budgets for each of the funds listed with the exception of the Developer Deposits Fund which was set up to record expenses and payments relative to specific developments.

Proprietary or Enterprise Funds – These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing or delivering of goods. The Village proprietary funds are its Public Sewer and Public Water Utilities. In the Village's Financial Statements these funds are reported under Business-Type Activities – Enterprise Funds.

Following the detailed financial reporting on the various funds and fund types, the Financial Statement then provides a series of narratives and/or further explanations in the *Notes to Financial Statements*. Within these notes the statement provides insight into the financial information which had been provided earlier in the statement such as Restricted Assets. An index of these notes is provided within the Statement.

Following the Notes to Financial Statements, *Other Information* is provided which is required *supplementary information*. This supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the required supplementary information.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Financial Analysis of the Village as a Whole

A summary of the Village's Statement of Net Position is presented below: (page 1 of financial statements)

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 26,280,036	\$ 18,899,505	\$ 6,525,416	\$ 6,022,961	\$ 32,805,452	\$ 24,922,466
Capital assets	41,277,105	38,144,210	30,596,022	30,655,553	71,873,127	68,799,763
Total assets	67,557,141	57,043,715	37,121,438	36,678,514	104,678,579	93,722,229
Deferred outflows of resources	2,009,728	2,707,843	476,636	602,836	2,486,364	3,310,679
Long-term liabilities	31,036,855	22,364,658	6,600,853	7,313,486	37,637,708	29,678,144
Other liabilities	1,168,100	1,009,938	463,551	563,004	1,631,651	1,572,942
Total liabilities	32,204,955	23,374,596	7,064,404	7,876,490	39,269,359	31,251,086
Deferred inflows of resources	13,225,234	13,417,605	272,432	333,168	13,497,666	13,750,773
Net investment in capital	18,485,365	18,872,876	24,184,131	23,579,544	41,911,894	41,221,444
Restricted net position	7,594,307	2,585,091	458,692	902,101	8,052,999	3,487,192
Unrestricted net position (deficit)	(1,942,992)	1,501,390	5,618,415	4,590,047	4,443,025	7,322,413
Total net position	\$ 24,136,680	\$ 22,959,357	\$ 30,261,238	\$ 29,071,692	\$ 54,397,918	\$ 52,031,049

The largest portion of the Village of Cottage Grove's net position reflects its investment in capital assets (example: land, buildings, improvements, infrastructure, equipment), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

The assets of the Village of Cottage Grove exceeded its liabilities by \$54,397,918 (net position). \$41,911,894 is identified as net investment in capital assets.

It should be noted that any debt associated with these assets must be paid from other sources as these items, for the most part, cannot be liquidated to pay down debt.

Restricted assets are assets set aside or identified for a specific purpose through legality or third parties while unrestricted assets are those assets which may be used at the discretion of the governing body of the Village of Cottage Grove.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Within the Financial Statement a report is provided which indicates the changes in net position based upon the expenses, revenues and transfers made throughout the year within both the Governmental Activities and Business-Type Activities funds. A recap of the year's activity is provided below.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 2,770,076	\$ 984,885	\$ 4,768,602	\$ 4,293,538	\$ 7,538,678	\$ 5,278,423
Operating grants and contributions	576,822	520,735	-	-	576,822	520,735
Capital grants and contributions	578,797	499,855	779,558	2,866,034	1,358,355	851,385
Total program revenue	3,925,695	2,005,475	5,548,160	6,819,934	9,473,855	6,650,543
General revenues:						
Tax levied	11,454,083	9,140,401	-	-	11,454,083	9,140,401
Intergovernmental revenues	545,127	820,010	-	-	545,127	820,010
Investment income	719,525	523,827	274,758	244,980	994,283	768,807
Gain on disposal of assets (loss)	(2,415)	(68,568)	51,309	(21,750)	48,894	(90,318)
Miscellaneous	148,587	311,238	15,829	6,325	164,416	317,563
Total general revenues	12,864,907	10,726,908	341,896	229,555	13,206,803	10,956,463
Total revenues	16,790,602	12,732,383	5,890,056	4,874,623	22,680,658	17,607,006
Expenses						
Governmental activities:						
General government	(1,264,346)	(1,078,250)	-	-	(1,264,346)	(1,078,250)
Public safety	(4,873,686)	(3,233,379)	-	-	(4,873,686)	(3,233,379)
Public works	(2,711,589)	(2,534,172)	-	-	(2,711,589)	(2,534,172)
Health and human services	(31,116)	(28,000)	-	-	(31,116)	(28,000)
Culture, recreation and education	(1,445,459)	(1,172,504)	-	-	(1,445,459)	(1,172,504)
Conservation and development	(4,414,297)	(2,755,090)	-	-	(4,414,297)	(2,755,090)
Interest and fiscal charges	(1,179,385)	(742,312)	-	-	(1,179,385)	(742,312)
Business-type activities						
Water utility	-	-	(1,548,872)	(1,430,995)	(1,548,872)	(1,430,955)
Sewer utility	-	-	(2,845,039)	(2,406,020)	(2,845,039)	(2,406,020)
Total expenses	(15,919,878)	(11,543,707)	(4,393,911)	(3,836,975)	(20,313,789)	15,380,682
Transfers in (out)	306,599	326,796	(306,599)	(326,796)	-	-
Change in net position	1,177,323	1,515,472	1,189,546	710,852	2,366,869	2,226,324
Net Position, Beginning	<u>22,959,357</u>	<u>21,443,885</u>	<u>29,071,692</u>	<u>28,360,840</u>	<u>52,031,049</u>	<u>49,804,725</u>
Net Position, Ending	<u>\$ 24,136,680</u>	<u>\$ 22,959,357</u>	<u>\$ 30,261,238</u>	<u>\$ 29,071,692</u>	<u>\$ 54,397,918</u>	<u>\$ 52,031,049</u>

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Financial Analysis of the Village's Funds

General Fund

The General Fund is the primary fund used by the Village. Within this fund the normal day-to-day activity is recorded. On December 31, 2024, the Village's general fund reported total fund balances of \$2,614,555. \$2,413,650 of the total fund balance represents unrestricted funds. Monies considered nonspendable within the general fund balance totaled \$200,905.

General Debt Service Fund

The General Debt Service Fund is used to record and track all interest and principal payments made on debt that the Village has incurred outside of debt incurred by the Utility Funds. In 2024, \$3,127,984 was paid in principal and interest payments by all funds excluding the Utility Funds. The majority of debt payments were paid by the Tax Incremental Districts. The debt service fund has a fund balance of \$972,600 as of year-end. \$283,859 of the total fund balance represents premium of debt issued which will be used for 2025 interest payments and \$441,525 represents Tax Incremental District No. 7 2025 obligation of principal and interest that was transferred prior to closing the district.

Public Infrastructure Fund

In 2014 the Village of Cottage Grove implemented a Capital Improvement Plan, budgeting out at least 5 years for purchases of infrastructure and large equipment items. Proceeds from borrowings are used to support this fund. In 2024, the Village's main capital expenses were for road repaving projects and municipal facilities improvements. The capital projects fund balance at the end of 2024 is \$1,172,869.

TIF District No. 5

In 2000, the Village of Cottage Grove recognized the need for more commercial tax base within the Village and began planning for a Commerce Park at the intersection of CTH N and I-94. In 2003, the infrastructure for the first of two phases was complete and land became available for potential developers. At the end of 2024, the increment value for the district was \$232,125,500 (2024 equalized value less the 2003 base year value) and the district reports a fund balance of \$909,599.

TIF District No. 9

In 2018, the Village of Cottage Grove created TIF District No. 9 as a mix-use district. The district partially overlapped TIF District No. 6 to help facilitate development. At the end of 2024, the increment value for the district was \$49,061,000 (2024 equalized value less the 2018 base year value) and the district reports a fund balance of \$5,398,834.

Water Utility

The water utility's operating income was \$548,541 in 2024, with a net income before transfers and contributions of \$572,290. Developer contributions and operating results lead to an increase in net position of \$651,151. The water utility's 2024 rate of return is 5.74%, below the PSC authorized rate of return of 6.60%. The water utility's 2023 rate of return was 1.24%.

Sewer Utility

The sewer utility's operating loss was \$2,401 in 2024, with net income before transfers and contributions of \$144,297. Developer contributions and operating results lead to an increase in net position of \$538,395. The utility does not have its own wastewater treatment plant. The utility contracts with Madison Metropolitan Sewerage District which accounts for 53% of the utility operating and maintenance expenditures.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

General Fund Budgetary Highlights

Overall

The Village's general fund finished the year with a net fund balance increase of \$429,273. Revenues and other financing sources were over budget by \$18,463. Expenditures and other financing uses were under budget by \$410,810, resulting in an overall surplus.

General Government

This section of the General Fund budget relates to administration costs associated with management of the Village such as the Village Board, administrator, clerk, treasurer and staff, elections, assessment of property, audit, municipal court, intergovernmental payments and insurances and legal counsel. General government expenditures were under budget by \$259,247.

Public Safety

This section of the budget pertains to the Village police department and police commission, crossing guards, fire department, emergency services, building inspections and hydrant rental. Public safety expenditures were under budget by \$191,699.

Public Works

This section pertains to the administration of the department, maintenance of streets and other municipally owned infrastructure (stormwater), traffic control, street lighting, sidewalks, general engineering, refuse collection, storm sewers, weed/nuisance control and the sanitary landfill. Public Works expenditures were over budget by \$29,179.

Health and Human Services

This section of the budget pertains to senior outreach and DEI (diversity, equity, and inclusion). At year-end, this section was under budget by \$884.

Culture, Recreation and Education

This section of the budget pertains to parks, playgrounds, athletic facilities, recreation programs. At year-end, this section was over budget by \$5,487.

Conservation and Development

This section of the budget pertains to engineering, planning and other professional services related to the efficient and effective planning of new and existing developments within the Village and implementation of the Village's Comprehensive Land Use Plan. In 2024, the planning and development budgets came in over budget by \$6,354.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Capital Asset Activity

At the end of 2024, the Village had invested a total of \$71,873,127 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment and infrastructure.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and other assets not being depreciated	\$ 10,456,453	\$ 10,456,453	\$ 745,071	\$ 745,071	\$ 11,201,524	\$ 11,201,524
Construction in progress	362,329	2,256,774	71,650	23,608	433,979	2,280,382
Building and land improvements	14,832,046	12,208,902	-	-	14,832,046	12,208,902
Machinery and equipment	5,827,447	4,738,932	-	-	5,827,447	4,738,932
Infrastructure	39,669,218	37,914,001	-	-	39,669,218	37,914,001
Utility plant	-	-	44,086,036	43,286,667	44,086,036	43,286,667
Total capital assets	71,147,493	67,575,062	44,902,757	44,055,346	116,050,250	111,630,408
Less accumulated depreciation	(29,870,388)	(29,430,852)	(14,306,735)	(13,399,793)	(44,177,123)	(42,830,645)
Net capital assets	\$ 41,277,105	\$ 38,144,210	\$ 30,596,022	\$ 30,655,553	\$ 71,873,127	\$ 68,799,763

Long-Term Debt Activity

Per Wisconsin State Statute, the total general obligation debt of the Village may not exceed 5% of its equalized value of taxable property within the Village. Based on this, the available debt limit as of December 31, 2024 was \$67,910,455. The Village, as of December 31, 2024, had general obligation debt in the amount of \$31,936,707.

General Obligation Debt	Balance 12/31/2023	Increases	Principal Payment	Balance 12/31/2024
General obligation – 2009 (sewer)	\$ 490,504	\$ -	\$ 93,004	\$ 397,500
General obligation – 2014 refunding	2,055,000	-	700,000	1,355,000
General obligation – 2015 refunding	2,115,000	-	325,000	1,790,000
General obligation – 2017 bonds	3,575,000	-	575,000	3,000,000
General obligation – 2018 bonds	1,955,000	-	345,000	1,610,000
General obligation – 2019 notes	502,000	-	77,000	425,000
General obligation – 2020 bonds	1,565,000	-	80,000	1,485,000
General obligation – 2022 STFL	808,984	-	194,777	614,207
General obligation – 2022 bonds	7,460,000	-	150,000	7,310,000
General obligation – 2023 bonds	3,015,000	-	195,000	2,820,000
General obligation – 2024 notes	-	4,975,000	-	4,975,000
General obligation – 2024 notes	-	6,155,000	-	6,155,000
Total general obligation debt	\$ 23,228,091	\$ 11,130,000	\$ 2,734,781	\$ 31,936,707

The water and sewer utilities have outstanding revenue bonds totaling \$3,678,298 as of December 31, 2024. These bonds are secured by the revenues generated by the utilities.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2024
(Unaudited)

Prepared by: Cameron Sawyer, Finance Director

Request for Information

Residents are asked to read through this report and financial statements carefully. The financial report is intended to give our citizens, customers, investors and creditors a general overview of the Village's finances and is intended to be read in conjunction with the audit report. If you should have any questions, comments or need additional information, please feel free to contact any of the staff listed below.

Finance Director
Cameron Sawyer
221 E. Cottage Grove Road
Cottage Grove, WI 53527
608-839-4704
csawyer@villageofcottagesgrove.gov

Village of Cottage Grove

Statement of Net Position

December 31, 2024

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 8,814,359	\$ 4,880,925	\$ 13,695,284
Receivables:			
Taxes	12,162,243	-	12,162,243
Delinquent personal property taxes	20,200	-	20,200
Accounts	133,621	477,346	610,967
Special assessments	2,257	-	2,257
Delinquent special assessments	3,270	-	3,270
Internal balances	(107,406)	107,406	-
Due from other governments	13,991	-	13,991
Prepaid items	337,501	96,900	434,401
Inventory	-	25,295	25,295
Other assets	-	464,366	464,366
Restricted assets:			
Cash and investments	-	473,178	473,178
Land held for resale	4,900,000	-	4,900,000
Capital assets:			
Land	10,456,453	745,071	11,201,524
Construction in progress	362,329	71,650	433,979
Other capital assets, net of depreciation	30,458,323	29,779,301	60,237,624
Total assets	67,557,141	37,121,438	104,678,579
Deferred Outflows of Resources			
Pension related amounts	2,009,728	476,636	2,486,364
Total deferred outflows of resources	2,009,728	476,636	2,486,364
Liabilities			
Accounts payable	522,407	402,913	925,320
Accrued liabilities and deposits	645,693	60,638	706,331
Noncurrent liabilities:			
Due within one year	3,482,982	897,627	4,380,609
Due in more than one year	27,328,788	5,660,816	32,989,604
Net pension liability	225,085	42,410	267,495
Total liabilities	32,204,955	7,064,404	39,269,359
Deferred Inflows of Resources			
Unearned revenue	12,053,785	-	12,053,785
Pension related amounts	1,171,449	272,432	1,443,881
Total deferred inflows of resources	13,225,234	272,432	13,497,666
Net Position			
Net investment in capital assets	18,485,365	24,184,131	41,911,894
Restricted:			
Equipment replacement	-	118,093	118,093
Debt service	455,822	340,599	796,421
TIF districts	6,308,433	-	6,308,433
Housing	830,052	-	830,052
Unrestricted (deficit)	(1,942,992)	5,618,415	4,433,025
Total net position	\$ 24,136,680	\$ 30,261,238	\$ 54,397,918

See notes to financial statements

Village of Cottage Grove

Statement of Activities

December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net Expenses (Revenues) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities:							
General government	\$ 1,264,346	\$ 48,073	\$ 15,753	\$ -	\$ (1,200,520)	\$ -	\$ (1,200,520)
Public safety	4,873,686	1,776,051	26,665	48,898	(3,022,072)	-	(3,022,072)
Public works	2,711,589	474,487	532,704	529,899	(1,174,499)	-	(1,174,499)
Health and human services	31,116	-	-	-	(31,116)	-	(31,116)
Culture, recreation and education	1,445,459	447,329	1,700	-	(996,430)	-	(996,430)
Conservation and development	4,414,297	24,136	-	-	(4,390,161)	-	(4,390,161)
Interest and fiscal charges	1,179,385	-	-	-	(1,179,385)	-	(1,179,385)
Total governmental activities	15,919,878	2,770,076	576,822	578,797	(11,994,183)	-	(11,994,183)
Business-type activities:							
Water utility	1,548,872	2,032,368	-	385,460	-	868,956	868,956
Sewer utility	2,845,039	2,736,234	-	394,098	-	285,293	285,293
Total business-type activities	4,393,911	4,768,602	-	779,558	-	1,154,249	1,154,249
Total primary government	<u>\$ 20,313,789</u>	<u>\$ 7,538,678</u>	<u>\$ 576,822</u>	<u>\$ 1,358,355</u>	(11,994,183)	1,154,249	(10,839,934)
General Revenues							
Taxes:							
Property taxes, levied for general purposes							
					4,173,257	-	4,173,257
Property taxes, levied for debt service							
					1,309,626	-	1,309,626
Property taxes, TIF increment							
					5,971,200	-	5,971,200
Intergovernmental revenues not restricted to specific programs							
					545,127	-	545,127
Investment income							
					719,525	274,758	994,283
Gain on sale of capital assets (loss)							
					(2,415)	51,309	48,894
Miscellaneous							
					148,587	15,829	164,416
Total general revenues							
					12,864,907	341,896	13,206,803
Transfers							
					306,599	(306,599)	-
Change in net position							
					1,177,323	1,189,546	2,366,869
Net Position, Beginning							
					22,959,357	29,071,692	52,031,049
Net Position, Ending							
					<u>\$ 24,136,680</u>	<u>\$ 30,261,238</u>	<u>\$ 54,397,918</u>

See notes to financial statements

Village of Cottage Grove

Balance Sheet
 Governmental Funds
 December 31, 2024

	General Fund	General Debt Service Fund	Capital Project Funds			Nonmajor Governmental Funds	Total
			Public Infrastructure	TIF District No. 5	TIF District No. 9		
Assets							
Cash and investments	\$ 2,642,081	\$ 972,600	\$ 1,355,607	\$ 910,030	\$ 499,835	\$ 2,434,206	\$ 8,814,359
Receivables:							
Taxes	5,108,567	1,566,111	-	4,400,764	930,126	156,675	12,162,243
Delinquent personal property taxes	20,200	-	-	-	-	-	20,200
Accounts	49,696	-	-	-	-	83,925	133,621
Special assessments	-	-	-	-	-	2,257	2,257
Delinquent special assessments	3,270	-	-	-	-	-	3,270
Due from other governments	13,991	-	-	-	-	-	13,991
Prepaid items	107,999	-	-	-	-	229,502	337,501
Land held for resale	-	-	-	-	4,900,000	-	4,900,000
Advances to other funds	69,436	-	-	-	-	-	69,436
Total assets	\$ 8,015,240	\$ 2,538,711	\$ 1,355,607	\$ 5,310,794	\$ 6,329,961	\$ 2,906,565	\$ 26,456,878
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 169,433	\$ -	\$ 182,738	\$ -	\$ -	\$ 170,236	\$ 522,407
Accrued liabilities	88,992	-	-	431	1,001	1,815	92,239
Deposits	33,405	-	-	-	-	3,271	36,676
Due to other funds	107,406	-	-	-	-	-	107,406
Advances from other funds	-	-	-	-	-	69,436	69,436
Total liabilities	399,236	-	182,738	431	1,001	244,758	828,164
Deferred inflows of resources:							
Unearned revenue	5,001,449	1,566,111	-	4,400,764	930,126	155,335	12,053,785
Unavailable revenue	-	-	-	-	-	3,597	3,597
Total deferred inflows of resources	5,001,449	1,566,111	-	4,400,764	930,126	158,932	12,057,382
Fund balances (deficits):							
Nonspendable	200,905	-	-	-	-	229,502	430,407
Restricted	-	972,600	1,172,869	909,599	5,398,834	929,156	9,383,058
Committed	-	-	-	-	-	759,451	759,451
Assigned	306,599	-	-	-	-	660,773	967,372
Unassigned (deficits)	2,107,051	-	-	-	-	(76,007)	2,031,044
Total fund balances (deficits)	2,614,555	972,600	1,172,869	909,599	5,398,834	2,502,875	13,571,332
Total liabilities, deferred inflows of resources and fund balances	\$ 8,015,240	\$ 2,538,711	\$ 1,355,607	\$ 5,310,794	\$ 6,329,961	\$ 2,906,565	\$ 26,456,878

See notes to financial statements

Village of Cottage Grove

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Total Fund Balances, Governmental Funds	\$ 13,571,332
Amounts reported for governmental activities in the statement of net position are different because: because:	
Capital assets used in governmental funds are not financial resources and therefore not reported in the funds.	
Land	10,456,453
Construction in progress	362,329
Other capital assets, net of depreciation	30,458,323
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.	3,597
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(225,085)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,009,728
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,171,449)
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	(29,239,207)
Compensated absences	(497,106)
Accrued interest	(516,778)
Unamortized premium on issuance of debt	(1,075,457)
Change in Net Position of Governmental Activities	<u>\$ 24,136,680</u>

See notes to financial statements

Village of Cottage Grove

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 December 31, 2024

	General Fund	General Debt Service Fund	Capital Project Funds			Nonmajor Governmental Funds	Total Governmental Funds
			Public Infrastructure	TIF District No. 5	TIF District No. 9		
Revenues							
Taxes	\$ 4,173,257	1,309,626	\$ -	\$ 4,463,362	\$ 563,712	\$ 944,126	\$ 11,454,083
Special assessments	-	-	-	-	-	3,279	3,279
Intergovernmental	956,956	-	-	85,337	-	128,554	1,170,847
Licenses and permits	1,592,453	-	-	-	-	-	1,592,453
Fines, forfeitures and penalties	119,378	-	-	-	-	-	119,378
Public charges for services	778,099	-	-	-	-	280,146	1,058,245
Investment income	421,184	62,938	82,554	20,893	11,332	120,624	719,525
Miscellaneous	110,360	-	-	10,538	7,172	20,517	148,587
Total revenues	8,151,687	1,372,564	82,554	4,580,130	582,216	1,497,246	16,266,397
Expenditures							
Current:							
General government	1,052,239	-	-	-	-	16,707	1,068,946
Public safety	4,520,921	-	-	-	-	70,305	4,591,226
Public works	1,274,505	-	-	-	-	-	1,274,505
Health and human services	31,116	-	-	-	-	-	31,116
Culture, recreation and education	806,843	-	-	-	-	79,846	886,689
Conservation and development	112,854	-	-	3,826,318	55,855	333,540	4,328,567
Capital outlay	-	-	2,715,055	-	-	2,415,398	5,130,453
Debt service:							
Principal retirement	-	2,446,777	-	-	-	-	2,446,777
Interest and fiscal charges	-	681,207	-	-	-	-	681,207
Issuance cost	-	-	89,705	-	88,830	51,966	230,501
Total expenditures	7,798,478	3,127,984	2,804,760	3,826,318	144,685	2,967,762	20,669,987
Excess (deficiency) of revenues over expenditures	353,209	(1,755,420)	(2,722,206)	753,812	437,531	(1,470,516)	(4,403,590)
Other Financing Sources (Uses)							
Long-term debt issued	-	-	3,814,988	-	4,975,000	2,210,012	11,000,000
Premium on debt issuance	-	329,355	35,114	-	73,253	20,342	458,064
Sale of village property	5,905	-	-	-	-	23,160	29,065
Transfers in	354,324	2,232,976	-	-	-	1,276,270	3,863,570
Transfers out	(284,165)	(180,492)	-	(1,315,301)	-	(1,777,013)	(3,556,971)
Total other financing sources (uses)	76,064	2,381,839	3,850,102	(1,315,301)	5,048,253	1,752,771	11,793,728
Net change in fund balance	429,273	626,419	1,127,896	(561,489)	5,485,784	282,255	7,390,138
Fund Balance (Deficit), Beginning, as previously reported	2,185,282	346,181	44,973	1,471,088	-	2,133,670	6,181,194
Adjustment - Changes From Non-Major to Major Fund	-	-	-	-	(86,950)	86,950	-
Fund Balance (Deficit), Beginning as Adjusted	2,185,282	346,181	44,973	1,471,088	(86,950)	2,220,620	6,181,194
Fund Balance (Deficit), Ending	\$ 2,614,555	\$ 972,600	\$ 1,172,869	\$ 909,599	\$ 5,398,834	\$ 2,502,875	\$ 13,571,332

See notes to financial statements

Village of Cottage Grove

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
December 31, 2024

Net Change in Fund Balances, Total Governmental Funds \$ 7,390,138

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 are 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	5,130,453
Some items reported as operating expenditures capitalized	39,898
Some items reported as outlay are not capitalized	(469,235)
Depreciation is reported in the government-wide statements	(2,066,428)
Loss on disposal of assets is reported in the government-wide statements	(31,480)

Contributed capital assets are reported as revenues in the government-wide statements. 529,687

Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. (3,067)

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	(11,000,000)
Principal repaid	2,446,777

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.

Change in premium on debt issuance	(409,678)
Change in loss on advance refunding	(21,383)

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	(198,047)
Accrued interest on debt	(294,680)
Net pension liability/asset	488,751
Deferred outflows of resources related to pensions	(676,732)
Deferred inflows of resources related to pensions	322,349

Change in Net Position of Governmental Activities \$ 1,177,323

Village of Cottage Grove

Statement of Net Position

Proprietary Funds

December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Assets			
Current assets:			
Cash and investments	\$ 1,832,029	\$ 3,048,896	\$ 4,880,925
Accounts receivable	209,196	268,150	477,346
Due from other funds	48,292	59,114	107,406
Prepaid items	48,500	48,400	96,900
Inventory	25,295	-	25,295
Restricted assets:			
Redemption account	160,888	194,197	355,085
Total current assets	<u>2,324,200</u>	<u>3,618,757</u>	<u>5,942,957</u>
Noncurrent assets:			
Restricted assets:			
Equipment replacement account	-	118,093	118,093
Capital assets:			
Land	230,245	514,826	745,071
Construction in progress	35,825	35,825	71,650
Property and equipment	21,493,260	22,592,776	44,086,036
Accumulated depreciation	(6,965,991)	(7,340,744)	(14,306,735)
Other assets:			
Preliminary survey and investigation	25,089	439,277	464,366
Total noncurrent assets	<u>14,818,428</u>	<u>16,360,053</u>	<u>31,178,481</u>
Total assets	<u>17,142,628</u>	<u>19,978,810</u>	<u>37,121,438</u>
Deferred Outflows of Resources			
Pension related amounts	234,792	241,844	476,636
Total deferred outflows of resources	<u>234,792</u>	<u>241,844</u>	<u>476,636</u>

See notes to financial statements

Village of Cottage Grove

Statement of Net Position

Proprietary Funds

December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 35,417	\$ 367,496	\$ 402,913
Accrued liabilities	11,853	11,852	23,705
Accrued interest	5,937	16,510	22,447
Compensated absences	44,296	44,296	88,592
General obligation debt	75,000	220,485	295,485
Current liabilities payable from restricted assets:			
Accrued interest	7,472	7,014	14,486
Current portion of revenue bonds payable	230,125	283,425	513,550
Total current liabilities	<u>410,100</u>	<u>951,078</u>	<u>1,361,178</u>
Noncurrent liabilities:			
General obligation debt	415,000	1,987,015	2,402,015
Revenue bonds payable	2,268,290	896,458	3,164,748
Net pension liability	21,205	21,205	42,410
Unamortized debt premium	12,563	23,530	36,093
Compensated absences	28,980	28,980	57,960
Total noncurrent liabilities	<u>2,746,038</u>	<u>2,957,188</u>	<u>5,703,226</u>
Total liabilities	<u>3,156,138</u>	<u>3,908,266</u>	<u>7,064,404</u>
Deferred Inflows of Resources			
Pension related amounts	<u>137,543</u>	<u>134,889</u>	<u>272,432</u>
Total deferred inflows of resources	<u>137,543</u>	<u>134,889</u>	<u>272,432</u>
Net Position			
Net investment in capital assets	11,792,361	12,391,770	24,184,131
Restricted for:			
Equipment replacement	-	118,093	118,093
Debt service	153,416	187,183	340,599
Unrestricted net position	<u>2,137,962</u>	<u>3,480,453</u>	<u>5,618,415</u>
Total net position	<u>\$ 14,083,739</u>	<u>\$ 16,177,499</u>	<u>\$ 30,261,238</u>

See notes to financial statements

Village of Cottage Grove

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Operating Revenues			
Charges for services	\$ 2,018,868	\$ 2,736,234	\$ 4,755,102
Miscellaneous operating income	13,500	-	13,500
Total operating revenues	<u>2,032,368</u>	<u>2,736,234</u>	<u>4,768,602</u>
Operating Expenses			
Operation and maintenance	1,010,783	2,151,577	3,162,360
Depreciation	473,044	587,058	1,060,102
Total operating expenses	<u>1,483,827</u>	<u>2,738,635</u>	<u>4,222,462</u>
Operating income (loss)	<u>548,541</u>	<u>(2,401)</u>	<u>546,140</u>
Nonoperating Revenues (Expenses)			
Investment income	82,348	192,410	274,758
Interest and fiscal charges	(65,045)	(106,404)	(171,449)
Amortization of discount/premium	7,495	8,334	15,829
Gain/(Loss) on disposal	(1,049)	52,358	51,309
Total nonoperating revenue (expenses)	<u>23,749</u>	<u>146,698</u>	<u>170,447</u>
Income before contributions & transfers	572,290	144,297	716,587
Capital Contributions	385,460	394,098	779,558
Transfers Out	<u>(306,599)</u>	<u>-</u>	<u>(306,599)</u>
Change in net position	651,151	538,395	1,189,546
Net Position, Beginning	<u>13,432,588</u>	<u>15,639,104</u>	<u>29,071,692</u>
Net Position, Ending	<u>\$ 14,083,739</u>	<u>\$ 16,177,499</u>	<u>\$ 30,261,238</u>

See notes to financial statements

Village of Cottage Grove

Statement of Cash Flows

Proprietary Funds

December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Cash Flows From Operating Activities			
Received from customers	\$ 2,226,599	\$ 2,987,514	\$ 5,214,113
Paid to suppliers for goods and services	(578,276)	(1,584,609)	(2,162,885)
Paid to employees for services	(579,686)	(579,686)	(1,159,372)
Net cash flows from operating activities	1,068,637	823,219	1,891,856
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	(306,599)	-	(306,599)
Net cash flows from noncapital financing activities	(306,599)	-	(306,599)
Cash Flows From Investing Activities			
Investments sold	169,106	447,111	616,217
Investments purchased	(190,004)	(502,368)	(692,372)
Investment income	82,348	192,410	274,758
Net cash flows from investing activities	61,450	137,153	198,603
Cash Flows From Capital and Related Financing Activities			
Debt retired	(296,023)	(494,064)	(790,087)
Interest paid	(64,903)	(107,485)	(172,388)
Debt issued	65,000	65,000	130,000
Capital contributions received	261,070	268,066	529,136
Debt issuance costs and premiums	5,899	5,899	11,798
Acquisition and construction of capital assets	(147,723)	(983,933)	(1,131,656)
Net cash flows from capital and related financing activities	(176,680)	(1,246,517)	(1,423,197)
Net change in cash and cash equivalents	646,808	(286,145)	360,663
Cash and Cash Equivalents, Beginning	938,668	2,570,063	3,508,731
Cash and Cash Equivalents, Ending	\$ 1,585,476	\$ 2,283,918	\$ 3,869,394

See notes to financial statements

Village of Cottage Grove

Statement of Cash Flows

Proprietary Funds

December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities			
Operating income (loss)	\$ 548,541	\$ (2,401)	\$ 546,140
Noncash items included in income:			
Depreciation	473,044	587,058	1,060,102
Depreciation charged to clearing and other utilities	32,462	(32,462)	-
Change in assets, liabilities and deferred inflows and outflows of resources:			
Accounts receivable	191,250	301,288	492,538
Prepaid items	(45,406)	(45,306)	(90,712)
Inventory	2,380	-	2,380
Due to/from other funds	(19,481)	(17,546)	(37,027)
Accounts payable and accrued liabilities	(112,628)	24,114	(88,514)
Deposits	(10,000)	-	(10,000)
Pension related deferrals and asset/liabilities	(20,874)	(20,875)	(41,749)
Compensated absences	29,349	29,349	58,698
	<u>\$ 1,068,637</u>	<u>\$ 823,219</u>	<u>\$ 1,891,856</u>
Net cash flows from operating activities			
	<u>\$ 1,068,637</u>	<u>\$ 823,219</u>	<u>\$ 1,891,856</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets - Proprietary Funds			
Cash and investments	\$ 1,832,029	\$ 3,048,896	\$ 4,880,925
Restricted assets, cash and investments	160,888	312,290	473,178
Less noncash equivalents	<u>(407,441)</u>	<u>(1,077,268)</u>	<u>(1,484,709)</u>
	<u>\$ 1,585,476</u>	<u>\$ 2,283,918</u>	<u>\$ 3,869,394</u>
Cash and cash equivalents, ending			
	<u>\$ 1,585,476</u>	<u>\$ 2,283,918</u>	<u>\$ 3,869,394</u>
Noncash Capital and Related Financing Activities			
Developer financed additions to utility plant	<u>\$ 124,390</u>	<u>\$ 126,032</u>	
Amortization of premium on debt	<u>\$ 7,495</u>	<u>\$ 8,334</u>	

See notes to financial statements

Village of Cottage Grove

Statement of Fiduciary Net Position

Custodial Fund

December 31, 2024

	<u>Tax Collection Fund</u>
Assets	
Cash and investments	\$ 10,028,621
Taxes receivable	<u>4,076,926</u>
Total assets	<u>14,105,547</u>
Liabilities	
Due to other taxing units	<u>14,105,547</u>
Total liabilities	<u>14,105,547</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

Village of Cottage Grove

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended December 31, 2024

	<u>Tax Collection Fund</u>
Additions	
Property taxes collected for other governments	<u>\$ 10,076,983</u>
Total additions	<u>10,076,983</u>
Deductions	
Property taxes distributed to other governments	<u>10,076,983</u>
Total deductions	<u>10,076,983</u>
Change in net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Cottage Grove

Index to Notes to Financial Statements

December 31, 2024

	<u>Page</u>
1. Summary of Significant Accounting Policies	15
Reporting Entity	15
Government-Wide and Fund Financial Statements	15
Measurement Focus, Basis of Accounting and Financial Statement Presentation	17
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	19
Deposits and Investments	19
Receivables	20
Inventory and Prepaid Items	20
Land Held for Resale	20
Restricted Assets	20
Capital Assets	21
Deferred Outflows of Resources	21
Compensated Absences	21
Long-Term Obligations	22
Deferred Inflows of Resources	22
Equity Classifications	22
Basis for Existing Rates	23
Pension	24
2. Stewardship, Compliance and Accountability	24
Excess Expenditures Over Appropriations	24
Deficit Balances	24
Limitations on the Village's Tax Levy	25
3. Detailed Notes on All Funds	25
Deposits and Investments	25
Receivables	28
Restricted Assets	29
Capital Assets	30
Interfund Receivables/Payables, Advances and Transfers	33
Long-Term Obligations	35
Net Position/Fund Balances	39
Adjustments to Beginning Balances	39
4. Other Information	41
Employees' Retirement System	41
Risk Management	46
Commitments and Contingencies	46
Tax Abatement	47
Joint Ventures	47
Significant Customers	48
Effect of New Accounting Standards on Current-Period Financial Statements	48

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Cottage Grove, Wisconsin (the Village) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issues financial statements (error correction). This standard was implemented as of January 1, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in the financial statements prepared using the economic resources measurement focus for (1) leave that has been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented as of January 1, 2024.

Government-Wide Financial Statements

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

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

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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.

Debt Service Fund

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

Capital Projects Funds

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

Tax Incremental District (TID) No. 5 Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 9 Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

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 Development Fees
Developer Deposits
Library

American Rescue Plan Act
Tourism
Affordable Housing

Capital Projects Funds

Capital Projects Funds are 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.

Capital Projects Fund
ERIM
TIF District No. 6
TIF District No. 7

TIF District No. 8
TIF District No. 10

Custodial Fund

Tax Collection 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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

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

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

Proprietary and Fiduciary Funds

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

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

All Financial Statements

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

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

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

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. As practicable, investment amounts are limited to the maximum of state and FDIC insurance limits for each institution unless collateralized.

No policy exists for the following risks:

- Credit risk
- Interest rate risk
- Concentration of credit risk

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, 2024, 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Receivables

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

Property tax calendar - 2024 tax roll:

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
Tax sale - 2024 delinquent real estate taxes	October 2027

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

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.

Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Land Held for Resale

Land held for resale consists of land and improvements intended for resale. Cost includes amounts paid for acquisition, demolition and site improvements. Land held for resale is recorded at lower of cost or market value.

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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	25-40 Years
Land improvements	20-30 Years
Machinery and equipment	5-20 Years
Infrastructure	20-50 Years
Utility System	4-90 Years

Fund Financial Statements

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

Deferred Outflows of Resources

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2024, are determined on the basis of current salary rates and include salary related payments.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Long-Term Obligations

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

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

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

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets 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 net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column. The amount is a reduction in "net investment in capital assets," and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 18,485,365	\$ 24,184,131	\$ (757,602)	\$ 41,911,894
Unrestricted (deficit)	(1,942,992)	5,618,415	757,602	4,433,025

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

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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

The Village has a formal fund balance policy. That policy is to maintain unrestricted general fund balance between the range of 20% to 30% of the general fund annual operating budget. The balance at year end was \$2,413,650 or 28.42% and is included in assigned and unassigned general fund balance

See Note 3. for further information.

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective April 1, 2024. Current rates are designed to provide a 6.60% return on rate base.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Sewer Utility

Current sewer rates were approved by the utility commission and became effective on January 1, 2024.

Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

2. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Appropriations

<u>Fund</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses Over Budget</u>
TIF District No. 9	\$ 135,060	\$ 144,685	\$ 9,625
Park Development Fees	34,000	57,187	23,187
Library	38,413	39,956	1,543
TIF District No. 7	1,773,699	1,788,162	14,463
TIF District No. 8	23,525	26,692	3,167

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

Deficit Balances

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

As of December 31, 2024, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Developer Deposits	\$ 4,519	Uncollectible accounts
TIF District No. 8	66,118	Project costs exceed increments collected
TIF District No. 10	5,370	Project costs exceed increments collected

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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. Other fund deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Bank and Investment Balances	Associated Risk
Deposits	\$ 20,711,416	\$ 20,759,306	Custodial credit risk
State and local bonds	735,968	735,968	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, highly sensitive to interest rate changes
U.S. agencies, implicitly guaranteed	583,992	583,992	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, highly sensitive to interest rate changes
U.S. treasuries	1,259,750	1,259,750	Custodial credit risk, interest rate risk, highly sensitive to interest rate changes
Wisconsin LGIP	124,043	124,043	Credit risk
Certificates of deposit, negotiable	780,864	780,864	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, highly sensitive to interest rate changes
Petty cash	1,050	-	None
Total cash and investments	<u>\$ 24,197,083</u>	<u>\$ 24,243,923</u>	
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investments	\$ 13,695,284		
Restricted cash and investments	473,178		
Per statement of fiduciary net position:			
Custodial funds	<u>10,028,621</u>		
Total cash and investments	<u>\$ 24,197,083</u>		

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

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 \$1,000,000. 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. \$500,000 of the Village's investments are covered by SIPC.

The Village maintains collateral agreements with its banks. At December 31, 2024, the banks had pledged various government securities in the amount of \$17,500,000 to secure the Village's deposits.

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 market prices

Investment Type	December 31, 2024			
	Level 1	Level 2	Level 3	Total
State and local bonds	\$ -	\$ 735,968	\$ -	\$ 735,968
U.S. agencies, implicitly guaranteed	-	583,992	-	583,992
U.S. treasuries	-	1,259,750	-	1,259,750
Certificates of deposit, negotiable	-	780,864	-	780,864
Total	\$ -	\$ 3,360,574	\$ -	\$ 3,360,574

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, 2024, \$1,996,518 of the Village's total bank balances were exposed to custodial credit risk.

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

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.

As of December 31, 2024, \$3,360,574 of the Village's total investments were 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, 2024, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>	<u>Standard & Poor's</u>
State and local bonds	Aaa, Aa2, not rated	AA+, AA, not rated
U.S. Agencies, implicitly guaranteed	Aaa	AA+
Certificates of deposit, negotiable	not rated	not rated

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

Local Government Investment Pool (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, 2024, the Village's investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Percentage of Portfolio</u>
State and local bonds	Fishers Ind Economic Dev Rev	12.98%
U.S. Agencies, implicitly guaranteed	Federal Home Loan Banks	16.76%
Certificates of deposit, negotiable	Technology Cr Un San Jose C	6.33%
Certificates of deposit, negotiable	Texas Exchange Bank Crowley	5.43%
Certificates of deposit, negotiable	Eagle Bank Bethesda MD	5.67%

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Interest Rate Risk

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

As of December 31, 2024, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less Than 1	1 - 5	More than 5
State and local bonds	\$ 735,968	\$ -	\$ 735,968	\$ -
U.S. agencies, implicitly guaranteed	583,992	-	583,992	-
U.S. treasuries	1,259,750	1,009,906	249,844	-
Certificates of deposit, negotiable	780,864	409,725	371,139	-
Total	\$ 3,360,574	\$ 1,419,631	\$ 1,940,943	\$ -

Investments Highly Sensitive to Market Changes

The Village held securities of \$0 with maturities exceeding ten years.

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

Receivables

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

	General	General Debt Service Fund	Public Infrastructure	TIF District No. 5	TIF District No. 9	Nonmajor Funds	Total
Amounts not expected to be collected within one year	\$ 23,470	\$ -	\$ -	\$ -	\$ -	\$ 2,257	\$ 20,451

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 12,053,785	\$ -
Special assessments not yet due	-	3,597
Total unearned/unavailable revenue for governmental funds	\$ 12,053,785	\$ 3,597

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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.

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2024.

	<u>Restricted Assets</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 355,085	\$ 14,486	\$ 340,599
Equipment replacement account	118,093	-	118,093
Total	<u>\$ 473,178</u>	<u>\$ 14,486</u>	<u>\$ 458,692</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Capital Assets

Capital asset activity for the year ended December 31, 2024 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	\$ 10,456,453	\$ -	\$ -	\$ 10,456,453
Construction in progress	2,256,774	3,095,493	4,989,938	362,329
Total capital assets not being depreciated/ amortized	<u>12,713,227</u>	<u>3,095,493</u>	<u>4,989,938</u>	<u>10,818,782</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	12,208,902	2,699,401	76,257	14,832,046
Machinery and equipment	4,738,932	1,512,648	424,133	5,827,447
Streets	21,071,828	2,632,400	1,084,989	22,619,239
Storm sewers	10,570,242	230,664	69,806	10,731,100
Street signals	291,292	-	-	291,292
Sidewalks	4,237,827	50,135	3,187	4,284,775
Terrace trees	623,987	-	-	623,987
Bike trails	1,118,825	-	-	1,118,825
Total capital assets being depreciated/ amortized	<u>54,861,835</u>	<u>7,125,248</u>	<u>1,658,372</u>	<u>60,328,711</u>
Total capital assets	<u>67,575,062</u>	<u>10,220,741</u>	<u>6,648,310</u>	<u>71,147,493</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(3,463,261)	(475,801)	69,726	(3,869,336)
Machinery and equipment	(2,223,380)	(429,070)	399,184	(2,253,266)
Streets	(12,244,043)	(663,103)	1,084,989	(11,822,157)
Storm sewers	(6,918,238)	(320,324)	69,806	(7,168,756)
Street signals	(192,275)	(8,739)	-	(201,014)
Sidewalks	(3,374,721)	(85,226)	3,187	(3,456,760)
Terrace trees	(611,329)	(253)	-	(611,582)
Bike trails	(403,605)	(83,912)	-	(487,517)
Total accumulated depreciation/ amortization	<u>(29,430,852)</u>	<u>(2,066,428)</u>	<u>1,626,892</u>	<u>(29,870,388)</u>
Total capital assets, net of depreciation/ amortization	<u>\$ 25,430,983</u>	<u>\$ 5,058,820</u>	<u>\$ 31,480</u>	<u>\$ 30,458,323</u>
Capital assets, net of depreciation/ amortization	<u>\$ 38,144,210</u>	<u>\$ 8,154,313</u>	<u>\$ 5,021,418</u>	<u>\$ 41,277,105</u>

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 81,002
Public safety	205,244
Public works	1,261,060
Culture, recreation and education	448,411
Conservation and development	<u>70,711</u>
Total governmental activities depreciation/amortization expense	<u>\$ 2,066,428</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 230,245	\$ -	\$ -	\$ 230,245
Construction in progress	<u>11,804</u>	<u>24,021</u>	<u>-</u>	<u>35,825</u>
Total capital assets not being depreciated/amortized	<u>242,049</u>	<u>24,021</u>	<u>-</u>	<u>266,070</u>
Capital assets being depreciated:				
Buildings and improvements	1,360,485	7,500	3,543	1,364,442
Equipment and machinery	945,706	81,782	21,446	969,424
Infrastructure	<u>18,985,635</u>	<u>137,891</u>	<u>750</u>	<u>19,159,394</u>
Total capital assets being depreciated/amortized	<u>21,291,826</u>	<u>227,173</u>	<u>25,739</u>	<u>21,493,260</u>
Total capital assets	<u>21,533,875</u>	<u>251,194</u>	<u>25,739</u>	<u>21,759,330</u>
Less accumulated depreciation for:				
Water plant	<u>(6,481,005)</u>	<u>(505,506)</u>	<u>20,520</u>	<u>(6,965,991)</u>
Total accumulated depreciation/amortization	<u>(6,481,005)</u>	<u>(505,506)</u>	<u>20,520</u>	<u>(6,965,991)</u>
Net capital assets being depreciated /amortized	<u>14,810,821</u>	<u>(278,333)</u>	<u>5,219</u>	<u>14,527,269</u>
Net water capital assets	<u>\$ 15,052,870</u>	<u>\$ (254,312)</u>	<u>\$ 5,219</u>	<u>\$ 14,793,339</u>

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 514,826	\$ -	\$ -	\$ 514,826
Construction in progress	11,804	24,021	-	35,825
	<u>526,630</u>	<u>24,021</u>	<u>-</u>	<u>550,651</u>
Total capital assets not being depreciated/ amortized				
Capital assets being depreciated:				
Buildings and improvements	3,464,753	14,500	4,117	3,475,136
Equipment and machinery	4,356,358	608,855	140,335	4,824,878
Infrastructure	14,173,730	119,032	-	14,292,762
	<u>21,994,841</u>	<u>742,387</u>	<u>144,452</u>	<u>22,592,776</u>
Total capital assets being depreciated/amortized				
Total capital assets	<u>22,521,471</u>	<u>766,408</u>	<u>144,452</u>	<u>23,143,427</u>
Less accumulated depreciation for:				
Sewer plant	(6,918,788)	(554,596)	132,640	(7,340,744)
	<u>(6,918,788)</u>	<u>(554,596)</u>	<u>132,640</u>	<u>(7,340,744)</u>
Total accumulated depreciation/ amortization				
Net capital assets being depreciated /amortized	<u>15,076,053</u>	<u>187,791</u>	<u>11,812</u>	<u>15,252,032</u>
Net sewer capital assets	<u>\$ 15,602,683</u>	<u>\$ 211,812</u>	<u>\$ 11,812</u>	<u>\$ 15,802,683</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 30,655,553</u>	<u>\$ (42,500)</u>	<u>\$ 17,031</u>	<u>\$ 30,596,022</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 473,044
Sewer	587,058

Total business-type activities depreciation expense \$ 1,060,102

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 Cottage Grove

Notes to Financial Statements
December 31, 2024

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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Water Utility	General Fund	\$ 48,292	\$ -
Sewer Utility	General Fund	59,114	-
Subtotal, fund financial statements		107,406	
Less fund eliminations		-	-
Total, government-wide statement of net position		<u>\$ 107,406</u>	<u>\$ -</u>
Governmental activity	Business-type activity	\$ -	
Business-type activity	Governmental activity	107,406	
Total internal balances, government-wide statement of net position		<u>\$ 107,406</u>	

The principal purpose of these interfunds is to record temporary timing differences for the payment of cash between funds. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The General Fund is advancing funds to TIF District Nos. 8 and 10. The amount advanced represents the deficiency of revenues over expenditures. No repayment schedule has been established. No interest is being charged.

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 8	\$ 64,939	\$ 64,939
General Fund	TIF District No. 10	4,497	4,497
Subtotal, fund financial statements		69,436	
Less fund eliminations		<u>(69,436)</u>	
Total, government-wide statement of net position		<u>\$ -</u>	

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 306,599	Utility tax equivalent
Library	General Fund	34,165	Operating subsidy
General Debt Service Fund	TIF District No. 5	1,315,301	TIF debt payment
General Debt Service Fund	TIF District No. 6	118,000	TIF debt payment
General Debt Service Fund	TIF District No. 7	799,675	TIF debt payment
General Fund	TIF District No. 7	47,725	TIF No. 7 closeout
Affordable Housing	TIF District No. 7	811,613	TIF No. 7 closeout
Capital Projects Fund	General Fund	250,000	Fund future capital
TIF District No. 6	General Debt Service Fund	<u>180,492</u>	Advance forgiveness
Subtotal, fund financial statements		3,863,570	
Less fund eliminations		<u>(3,556,971)</u>	
Total, government- wide statement of activities		<u>\$ 306,599</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 unassigned revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2024 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	\$ 19,375,000	\$ 11,000,000	\$ 2,175,000	\$ 28,200,000	\$ 2,930,000
General obligation debt from direct borrowings and direct placements	1,310,984	-	271,777	1,039,207	279,702
Add/(subtract) deferred amounts for premiums	<u>665,779</u>	<u>458,064</u>	<u>48,386</u>	<u>1,075,457</u>	<u>-</u>
Total bonds and notes payable	<u>21,351,763</u>	<u>11,458,064</u>	<u>2,495,163</u>	<u>30,314,664</u>	<u>3,209,702</u>
Other liabilities:					
Compensated absences	<u>299,059</u>	<u>293,320</u>	<u>95,273</u>	<u>497,106</u>	<u>273,280</u>
Total other liabilities	<u>299,059</u>	<u>293,320</u>	<u>95,273</u>	<u>497,106</u>	<u>273,280</u>
Total governmental activities long-term liabilities	<u>\$ 21,650,822</u>	<u>\$ 11,751,384</u>	<u>\$ 2,590,436</u>	<u>\$ 30,811,770</u>	<u>\$ 3,482,982</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,365,000	\$ 130,000	\$ 195,000	\$ 2,300,000	\$ 200,000
General obligation debt from direct borrowings and direct placements	490,504	-	93,004	397,500	95,485
Revenue bonds	4,180,381	-	502,083	3,678,298	513,550
Add/(subtract) deferred amounts for premiums	<u>40,124</u>	<u>11,797</u>	<u>15,829</u>	<u>36,093</u>	<u>-</u>
Subtotal	<u>7,076,009</u>	<u>141,797</u>	<u>805,916</u>	<u>6,411,891</u>	<u>809,035</u>
Other liabilities:					
Compensated absences	<u>87,854</u>	<u>95,952</u>	<u>37,254</u>	<u>146,552</u>	<u>88,592</u>
Total business-type activities long-term liabilities	<u>\$ 7,163,863</u>	<u>\$ 237,749</u>	<u>\$ 843,170</u>	<u>\$ 6,558,443</u>	<u>\$ 897,627</u>

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

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, 2024 was \$67,910,455. Total general obligation debt outstanding at year-end was \$31,936,707.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

General Obligation Debt

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
Governmental Activities					
General obligation debt:					
Refunding bonds	06/12/2014	04/01/2026	2.00-2.25%	\$ 6,420,000	\$ 1,355,000
Refunding bonds	04/07/2015	04/01/2031	2.00-3.00	3,475,000	1,730,000
Corporate bonds	04/12/2017	04/01/2037	3.00-3.75	5,405,000	2,200,000
Corporate bonds	06/20/2018	04/01/2025	3.00-3.75	990,000	390,000
Bank notes*	07/22/2019	04/01/2029	2.79	785,000	425,000
Corporate bonds	06/18/2020	04/01/2040	2.00	1,820,000	1,485,000
Corporate bonds	08/04/2022	04/01/2042	3.00-4.00	7,735,000	7,310,000
State trust fund loan*	03/26/2022	03/15/2027	2.50	1,000,000	614,207
Corporate bonds	06/22/2023	04/01/2043	4.00-5.00	2,905,000	2,730,000
Taxable promissory notes	03/21/2024	04/01/2032	4.65-5.00	4,975,000	4,975,000
Promissory notes	05/20/2024	04/01/2043	4.00-5.00	6,025,000	6,025,000
Total governmental activities, general obligation debt					<u>\$ 29,239,207</u>
Business-Type Activities					
General obligation debt:					
Promissory notes*	02/25/2009	05/01/2028	2.67%	\$ 1,561,932	\$ 397,500
Refunding bonds	04/07/2015	04/01/2025	3.00-4.00	725,000	60,000
Corporate bonds	04/12/2017	04/01/2037	3.00-3.75	1,096,917	800,000
Corporate bonds	06/20/2018	04/01/2038	3.00-3.75	1,425,000	1,220,000
Corporate bonds	06/22/2023	04/01/2028	5.00	110,000	90,000
Promissory notes	05/20/2024	04/01/2034	5.00	130,000	130,000
Total business-type activities, general obligation debt					<u>\$ 2,697,500</u>

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

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2025	\$ 2,930,000	\$ 1,281,514	\$ 200,000	\$ 76,468
2026	3,250,000	943,318	165,000	68,132
2027	1,765,000	845,856	165,000	62,582
2028	1,815,000	770,668	180,000	56,707
2029	1,800,000	693,668	160,000	51,106
2030-2034	7,990,000	2,355,854	835,000	176,215
2035-2039	5,295,000	1,152,713	595,000	38,359
2040-2043	3,355,000	242,750	-	-
Total	\$ 28,200,000	\$ 8,286,341	\$ 2,300,000	\$ 529,569

	Governmental Activities General Obligation Debt From Direct Borrowings and Direct Placements		Business-Type Activities General Obligation Debt From Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2025	\$ 279,702	\$ 26,097	\$ 95,485	\$ 9,332
2026	286,694	18,845	98,033	6,750
2027	294,811	11,397	100,648	4,099
2028	88,000	3,739	103,334	1,378
2029	90,000	1,256	-	-
Total	\$ 1,039,207	\$ 61,334	\$ 397,500	\$ 21,559

Revenue Debt

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

The water utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2013, 2015 and 2016. Proceeds from the bonds provided financing for the improvements to the water utility system. The bonds are payable solely from customer revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 18.56% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,730,562. Principal and interest paid for the current year and total customer net revenues were \$272,904 and \$1,225,687, respectively.

The sewer utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the improvements to the sewer utility system. The bonds are payable solely from customer revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 31.63% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,243,879. Principal and interest paid for the current year and total customer net revenues were \$311,222 and \$982,997, respectively.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/24</u>
Water Utility					
Revenue bonds	06/12/2013	05/01/2033	1.93%	\$ 2,840,252	\$ 1,373,642
Revenue bonds	12/23/2015	05/01/2035	1.79%	730,296	430,083
Revenue bonds	12/28/2016	05/01/2036	1.54%	1,072,280	694,690
Sewer Utility					
Revenue bonds	02/25/2009	05/01/2031	2.67%	4,636,221	<u>1,179,883</u>
Total business-type activities revenue debt					<u>\$ 3,678,298</u>

Debt service requirements to maturity are as follows:

	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
Years ending December 31:		
2025	\$ 513,550	\$ 70,442
2026	525,288	58,564
2027	537,303	46,405
2028	549,605	33,959
2029	247,293	25,417
2030-2034	1,137,799	59,046
2035-2036	<u>167,460</u>	<u>2,310</u>
Total	<u>\$ 3,678,298</u>	<u>\$ 296,143</u>

Other Debt Information

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

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2024 includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 10,456,453
Construction in progress	362,329
Other capital assets, net of accumulated depreciation	30,458,323
Less long-term debt outstanding	(29,239,207)
Plus unspent debt proceeds	1,271,973
Plus noncapital debt proceeds	6,250,951
Less premium on capital-related long-term debt	(1,075,457)

Total net investment in capital assets 18,485,365

Restricted:

Debt service	455,822
TIF districts	6,308,433
Housing	830,052

Total restricted 7,594,307

Unrestricted (deficit) (1,942,992)

Total governmental activities net position \$ 24,136,680

Adjustments to Beginning Balances

During fiscal year 2024, changes within the financial reporting entity resulted in adjustments to beginning fund balance.

	<u>12/31/2023 As Previously Reported</u>	<u>Change Within the Financial Reporting Entity</u>	<u>12/31/2023 As Adjusted</u>
Governmental funds			
Major Funds			
General Fund	\$ 1,185,282	\$ -	\$ 1,185,282
General Debt Service Fund	346,181	-	346,181
Public Infrastructure	44,973	-	44,973
TIF District No. 5	1,471,088	-	1,471,088
TIF District No. 9	-	(86,950)	(86,950)
Nonmajor Funds	2,133,670	86,950	2,220,620
Total Governmental Funds	<u>6,181,194</u>	<u>-</u>	<u>6,181,194</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Governmental fund balances reported on the fund financial statements at December 31, 2024, include the following:

	General Fund	General Debt Service	Public Infrastructure	TIF District No. 5	TIF District No. 9	Nonmajor Funds	Total
Fund Balances							
Nonspendable:							
Prepaid items	\$ 107,999	\$ -	\$ -	\$ -	\$ -	\$ 229,502	\$ 337,501
Delinquent special assessments	3,270	-	-	-	-	-	3,270
Delinquent personal property taxes	20,200	-	-	-	-	-	20,200
Advances to other funds	69,436	-	-	-	-	-	69,436
Subtotal	200,905	-	-	-	-	229,502	430,407
Restricted for:							
Capital projects	-	-	1,172,869	-	-	99,104	1,271,973
Debt service	-	972,600	-	-	-	-	972,600
Housing	-	-	-	-	-	830,052	830,052
TIF districts	-	-	-	909,599	5,398,834	-	6,308,433
Subtotal	-	972,600	1,172,869	909,599	5,398,834	929,156	9,383,058
Committed to:							
Park development	-	-	-	-	-	748,834	748,834
Library	-	-	-	-	-	9,218	9,218
Tourism	-	-	-	-	-	1,399	1,399
Subtotal	-	-	-	-	-	759,451	759,451
Assigned to:							
Payment in lieu of taxes	306,599	-	-	-	-	-	306,599
Capital projects	-	-	-	-	-	660,773	660,773
Subtotal	306,599	-	-	-	-	660,773	967,372
Unassigned (Deficit)	2,107,051	-	-	-	-	(76,007)	2,031,044
Total fund balances	\$ 2,614,555	\$ 972,600	\$ 1,172,869	\$ 909,599	\$ 5,398,834	\$ 2,502,875	\$ 13,571,332

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Business-Type Activities

Net investment in capital assets:	
Land	\$ 745,071
Construction in progress	71,650
Other capital assets, net of accumulated depreciation	29,779,301
Less long-term debt outstanding	(6,375,798)
Less unamortized loss on refunding	<u>(36,093)</u>
Total net investment in capital assets	<u>24,184,131</u>
Restricted:	
Equipment replacement	118,093
Debt service	<u>340,599</u>
Total restricted	<u>458,692</u>
Unrestricted	<u>5,618,415</u>
Total business-type activities net position	<u>\$ 30,261,238</u>

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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

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.

Postretirement 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>
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
2022	7.4	15.0
2023	1.6	(21.0)

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.

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

During the reporting period, the WRS recognized \$272,596 in contributions from the Village.

Contribution rates as of December 31, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.80%	6.80%
Protective with Social Security	6.80	13.20
Protective without Social Security	6.80	18.10

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

At December 31, 2024, the Village reported a liability/(asset) of \$267,495 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability/(asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Village's proportion was .01799128%, which was an increase of .00169253% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Village recognized pension expense (revenue) of \$96,614.

At December 31, 2024, the Village reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 1,078,538	\$ 1,428,531
Changes in assumption	116,593	-
Net differences between projected and actual earnings on pension plan investments	932,178	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,627	15,350
Employer contributions subsequent to the measurement date	<u>357,428</u>	<u>-</u>
Total	<u>\$ 2,486,364</u>	<u>\$ 1,443,881</u>

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

\$357,428 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2025	\$ 138,370
2026	144,245
2027	582,127
2028	(179,687)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
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
Postretirement Adjustments*:	1.7%

* *No postretirement 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 postretirement 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. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

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, 2023

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %**</u>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage***	(12)	3.7	1.0
Total Core Fund***	100	7.4	4.6
<u>Variable Fund Asset</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

* 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: 2.7%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77%. (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, 2023. 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 municipal bond 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 Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 2,585,472	\$ 267,495	\$ (1,354,491)

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-reportsand-statements>.

Risk Management

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

Commitments and Contingencies

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

Village of Cottage Grove

Notes to Financial Statements

December 31, 2024

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

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

The Village has an \$850,236 encumbrance outstanding at year end expected to be honored upon vendor performance by the vendor utilizing resources in the Public Infrastructure fund.

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 of its abatement agreements in the aggregate.

The Village has entered into agreements with several developers in Tax Incremental Financing District No. 5 that commit the Village to making payments to the developer if certain conditions are met. The obligations do not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligations are not reported as liabilities in the accompanying financial statements. The Village made payments totaling \$3,802,539 during the current year in relation to nine of these agreements.

Joint Ventures

The Village of Cottage Grove and the Town of Cottage Grove jointly operate the emergency government, emergency building maintenance and fire protection districts. The Village of Cottage Grove, Town of Cottage Grove, Village of Deerfield and Town of Deerfield jointly operate the local emergency medical service.

The governing body is made up of citizens from each community. Local representatives are appointed by the Village board. The governing body has authority to adopt its own budget and control the financial affairs of the districts. The Village is obligated by the joint venture agreement to remit an amount annually to the districts. The Village made a payment to the districts of \$607,236 in 2024.

Financial information of the districts as of December 31, 2024 is available directly from the district's office.

The Village accounts for its share of the operation of all joint ventures in the general fund. The Village has an equity interest in the EMS district; however, the equity interest is not material and, consequently, is not reported in these financial statements.

The Village does not have an equity interest in the other joint ventures.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2024

Significant Customers

Sewer Utility

The sewer utility has one significant customer who is responsible for 17.78% of operating revenues in 2024.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

December 31, 2024

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
General property taxes	\$ 4,173,257	\$ 4,173,257	\$ 4,173,257	\$ -
Total	4,173,257	4,173,257	4,173,257	-
Intergovernmental revenues:				
State aid, state shared revenues	46,001	46,001	46,001	-
State aid, supplemental aid	226,248	226,248	226,248	-
State aid, expenditure restraint	93,298	93,298	93,298	-
State aid, state shared revenues, utility aid	222	222	227	5
State aid, exempt computer aid	2,471	2,471	2,471	-
State aid, personal property aid	11,201	11,201	11,201	-
State aid, police	15,000	15,000	26,665	11,665
State aid, digital records	15,753	15,753	15,753	-
State aid, miscellaneous	-	-	2,388	2,388
State aid, transportation	523,013	523,013	523,013	-
State aid, recycling grant	9,750	9,750	9,691	(59)
Total	942,957	942,957	956,956	13,999
Licenses and permits:				
Liquor and malt bev license	10,000	10,000	8,390	(1,610)
Operator's license	5,000	5,000	5,785	785
Cigarette license	400	400	700	300
Publication fees	500	500	391	(109)
Dog license	1,500	1,500	2,297	797
Amusement permits	1,000	1,000	620	(380)
Building permits	250,000	1,545,000	1,549,064	4,064
Conditional use permits	750	750	720	(30)
Sign permit	1,000	1,000	350	(650)
Zoning permits & fees	7,000	7,000	2,355	(4,645)
Erosion control fees	5,000	5,000	16,021	11,021
Land disturbance permit	15,000	15,000	5,760	(9,240)
Total	297,150	1,592,150	1,592,453	303
Fines, forfeitures and penalties:				
Fines, forfeitures, Village share	41,000	58,000	56,967	(1,033)
Court penalties and costs	29,000	40,000	40,016	16
Parking violations	5,000	21,800	22,395	595
Total	75,000	119,800	119,378	(422)

See notes to required supplementary information

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

December 31, 2024

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public charges for services:				
Other earnings general government	\$ 500	\$ 500	\$ 21,850	\$ 21,350
Tax & title search fees	4,000	4,000	6,970	2,970
Public works misc charges	7,000	7,000	2,822	(4,178)
Recycling fee from tax roll	147,000	147,000	147,000	-
Garbage fee from tax roll	320,000	320,000	320,002	2
Special garbage coll charge	3,000	3,000	4,663	1,663
Park rental fees	8,000	8,000	12,195	4,195
Parks, concession revenue	2,000	2,000	2,326	326
Recreation, ticket sales	-	-	329	329
Recreation, diamond use charge	2,000	2,000	2,900	900
Recreation, coach pitch/tball	5,000	5,000	4,265	(735)
Recreation, baseball/softball	31,000	31,000	16,995	(14,005)
Recreation, basketball	13,000	13,000	11,347	(1,653)
Enrichment programs, youth	60,000	60,000	46,633	(13,367)
Enrichment programs, adult	16,000	16,000	18,713	2,713
Recreation, flag football	15,000	15,000	13,551	(1,449)
Recreation, golf	3,000	3,000	2,130	(870)
Recreation, tennis	6,000	6,000	3,980	(2,020)
Recreation, volleyball	7,000	7,000	6,875	(125)
Recreation, teener/legion baseball	6,000	6,000	7,005	1,005
Recreation, senior programming	4,000	4,000	3,635	(365)
Recreation, start smart	7,000	7,000	7,545	545
Cable franchise fees	15,000	15,000	6,759	(8,241)
School resource officer	125,000	125,000	107,609	(17,391)
Total	806,500	806,500	778,099	(28,401)
Investment income:				
Investments on investments	120,000	400,000	421,184	21,184
Total	120,000	400,000	421,184	21,184
Miscellaneous:				
Misc. recreation donations	16,200	16,200	11,940	(4,260)
Patronage dividend	12,000	12,000	8,725	(3,275)
Tower rental income	13,439	13,439	13,439	-
Miscellaneous income	50,000	50,000	76,256	26,256
Total	91,639	91,639	110,360	18,721
Other financing sources:				
Sale of capital assets	-	-	5,905	5,905
Transfer in, TID 7	42,150	42,150	47,725	5,575
Transfer in, tax equivalent	325,000	325,000	306,599	(18,401)
Total	367,150	367,150	360,229	(6,921)
Total revenues and other sources	6,873,653	8,493,453	8,511,916	18,463

See notes to required supplementary information

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

December 31, 2024

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General government:				
Village board	\$ 41,896	\$ 41,896	\$ 39,727	\$ 2,169
Municipal court	70,743	102,743	104,209	(1,466)
Digital media communications	23,765	23,765	10,880	12,885
Administration	197,222	197,222	200,206	(2,984)
Clerk	203,153	203,153	188,399	14,754
Elections	36,001	36,001	36,770	(769)
Finance and professional services	439,156	629,456	388,676	240,780
Municipal buildings operation	75,000	75,000	80,843	(5,843)
Flynn hall	2,250	2,250	2,529	(279)
Total	1,089,186	1,311,486	1,052,239	259,247
Public safety:				
Police	2,623,890	2,623,890	2,447,802	176,088
Police commission	2,200	2,200	-	2,200
Crossing guards	33,247	33,247	30,920	2,327
Fire	105,040	105,040	103,547	1,493
Emergency services building	24,500	24,500	19,557	4,943
Emergency government	27,009	27,009	27,163	(154)
Inspections	214,850	1,362,350	1,357,548	4,802
Emergency medical services	534,384	534,384	534,384	-
Total	3,565,120	4,712,620	4,520,921	191,699
Public works:				
Public works administration	392,826	392,826	411,818	(18,992)
Street maintenance and operations	323,000	323,000	348,340	(25,340)
Stormwater sewer	34,500	34,500	30,733	3,767
Beautification	2,000	2,000	2,524	(524)
Refuse recycling, landfill	493,000	493,000	481,090	11,910
Total	1,245,326	1,245,326	1,274,505	(29,179)
Health and human services:				
Senior outreach	28,000	28,000	28,000	-
Diversity, equity, and inclusion	4,000	4,000	3,116	884
Total	32,000	32,000	31,116	884
Culture, recreation and education:				
Parks and playgrounds	226,216	226,216	243,685	(17,469)
Recreation programs	384,428	384,428	364,994	19,434
Parks maintenance	93,010	93,010	91,286	1,724
Forestry	97,702	97,702	106,878	(9,176)
Total	801,356	801,356	806,843	(5,487)
Conservation and development:				
Planning	53,250	53,250	58,234	(4,984)
Economic development	53,250	53,250	54,620	(1,370)
Total	106,500	106,500	112,854	(6,354)

See notes to required supplementary information

Village of Cottage Grove**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance**

Budget and Actual - General Fund

December 31, 2024

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Other financing uses:				
Transfer out, capital fund	\$ -	\$ 250,000	\$ 250,000	\$ -
Transfer out, library	34,165	34,165	34,165	-
Total	34,165	284,165	284,165	-
Total expenditures and other uses	6,873,653	8,493,453	8,082,643	410,810
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	429,273	429,273
Fund Balance, Beginning	2,185,282	2,185,282	2,185,282	-
Fund Balance, Ending	\$ 2,185,282	\$ 2,185,282	\$ 2,614,555	\$ 429,273

See notes to required supplementary information

Village of Cottage Grove

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

Wisconsin Retirement System

Year Ended December 31, 2024

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability/(Asset)</u>	<u>Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability/ (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/24	0.01799128 %	\$ 267,495	\$ 2,889,775	9.26 %	98.85 %
12/31/23	0.01629875 %	863,459	2,384,578	36.21 %	95.72 %
12/31/22	0.01525385 %	(1,229,488)	2,056,334	59.79 %	106.02 %
12/31/21	0.01482096 %	(925,293)	2,061,369	44.89 %	105.26 %
12/31/20	0.01397436 %	(450,597)	1,839,442	24.50 %	102.96 %
12/31/19	0.01336792 %	475,588	1,744,017	27.27 %	96.45 %
12/31/18	0.01242634 %	(368,952)	1,627,014	22.68 %	102.93 %
12/31/17	0.01195499 %	98,538	1,561,314	6.31 %	99.12 %
12/31/16	0.01154323 %	187,575	1,399,689	13.40 %	98.20 %
12/31/15	0.01161188 %	(285,141)	1,421,828	20.05 %	102.74 %

Schedule of Employer Contributions - Wisconsin Retirement System

For the Year Ended December 31, 2024

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/24	\$ 357,428	\$ 357,428	\$ -	\$ 3,592,098	9.95 %
12/31/23	272,731	272,731	-	2,891,775	9.43 %
12/31/22	207,071	207,071	-	2,384,579	8.68 %
12/31/21	179,735	179,735	-	2,056,335	8.74 %
12/31/20	171,238	171,238	-	2,061,370	8.31 %
12/31/19	150,262	150,262	-	1,839,442	8.17 %
12/31/18	137,259	137,259	-	1,674,747	8.20 %
12/31/17	135,672	135,672	-	1,614,853	8.40 %
12/31/16	120,207	120,207	-	1,561,314	7.70 %
12/31/15	113,529	113,529	-	1,445,431	7.85 %

See notes to the required supplementary information

Village of Cottage Grove

Notes to Required Supplementary Information

December 31, 2024

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 are as presented in the original budget and amendments were adopted during the year. 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 board action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the functional level of expenditure in the general fund and total expenditure level for other funds.

Wisconsin Retirement System

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

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 postretirement 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 postretirement 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

SUPPLEMENTARY INFORMATION

Village of Cottage Grove

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2024

	Special Revenue Funds					
	Park Development Fees	Developer Deposits	Library	American Rescue Plan Act	Tourism	Affordable Housing
Assets						
Cash and investments	\$ 750,681	\$ 7,188	\$ 3,324	\$ 2,850	\$ 8,531	\$ 830,052
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	48,741	-	-	28,953	-
Special assessments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 750,681</u>	<u>\$ 55,929</u>	<u>\$ 3,324</u>	<u>\$ 2,850</u>	<u>\$ 37,484</u>	<u>\$ 830,052</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,847	\$ 57,177	\$ 1,477	\$ 2,850	\$ 28,266	\$ -
Accrued liabilities	-	-	448	-	-	-
Deposits	-	3,271	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>1,847</u>	<u>60,448</u>	<u>1,925</u>	<u>2,850</u>	<u>28,266</u>	<u>-</u>
Deferred inflows of resources:						
Unearned revenue	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	830,052
Committed	748,834	-	1,399	-	9,218	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	(4,519)	-	-	-	-
Total fund balances (deficit)	<u>748,834</u>	<u>(4,519)</u>	<u>1,399</u>	<u>-</u>	<u>9,218</u>	<u>830,052</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 750,681</u>	<u>\$ 55,929</u>	<u>\$ 3,324</u>	<u>\$ 2,850</u>	<u>\$ 37,484</u>	<u>\$ 830,052</u>

Capital Projects Funds

<u>Capital Projects</u>	<u>ERIM</u>	<u>TIF District No. 6</u>	<u>TIF District No. 7</u>	<u>TIF District No. 8</u>	<u>TIF District No. 10</u>	<u>Total Nonmajor Funds</u>
\$ 677,908	\$ 153,672	\$ -	\$ -	\$ -	\$ -	\$ 2,434,206
1,340	-	56,553	-	28,188	70,594	156,675
6,231	-	-	-	-	-	83,925
2,257	-	-	-	-	-	2,257
20,000	209,502	-	-	-	-	229,502
<u>\$ 707,736</u>	<u>\$ 363,174</u>	<u>\$ 56,553</u>	<u>\$ -</u>	<u>\$ 28,188</u>	<u>\$ 70,594</u>	<u>\$ 2,906,565</u>
\$ 23,366	\$ 54,568	\$ -	\$ -	\$ 685	\$ -	170,236
-	-	-	-	494	873	1,815
-	-	-	-	-	-	3,271
-	-	-	-	64,939	4,497	69,436
<u>23,366</u>	<u>54,568</u>	<u>-</u>	<u>-</u>	<u>66,118</u>	<u>5,370</u>	<u>244,758</u>
-	-	56,553	-	28,188	70,594	155,335
3,597	-	-	-	-	-	3,597
<u>3,597</u>	<u>-</u>	<u>56,553</u>	<u>-</u>	<u>28,188</u>	<u>70,594</u>	<u>158,932</u>
20,000	209,502	-	-	-	-	229,502
-	99,104	-	-	-	-	929,156
-	-	-	-	-	-	759,451
660,773	-	-	-	-	-	660,773
-	-	-	-	(66,118)	(5,370)	(76,007)
<u>680,773</u>	<u>308,606</u>	<u>-</u>	<u>-</u>	<u>(66,118)</u>	<u>(5,370)</u>	<u>2,502,875</u>
<u>\$ 707,736</u>	<u>\$ 363,174</u>	<u>\$ 56,553</u>	<u>\$ -</u>	<u>\$ 28,188</u>	<u>\$ 70,594</u>	<u>\$ 2,906,565</u>

Village of Cottage Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 December 31, 2024

	Special Revenue Funds					
	Park Development Fees	Developer Deposits	Library	American Rescue Plan Act	Tourism	Affordable Housing
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	1,700	71,428	-	-
Public charges for services	119,685	-	-	-	136,144	-
Investment income	37,303	-	-	2,215	-	18,439
Miscellaneous revenues	11,500	481	80	-	-	-
Total revenues	168,488	481	1,780	73,643	136,144	18,439
Expenditures						
Current:						
General government	-	-	-	16,707	-	-
Public safety	-	-	-	70,305	-	-
Culture, recreation and education	33,533	-	39,955	6,358	-	-
Conservation and development	-	-	-	-	133,642	-
Capital outlay	23,654	-	-	-	-	-
Debt service:						
Issuance cost	-	-	-	-	-	-
Total expenditures	57,187	-	39,955	93,370	133,642	-
Excess (deficiency) of revenues over expenditures	111,301	481	(38,175)	(19,727)	2,502	18,439
Other Financing Sources (Uses)						
Long-term debt issued	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfer in	-	-	34,165	-	-	811,613
Transfer out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	34,165	-	-	811,613
Net change in fund balance	111,301	481	(4,010)	(19,727)	2,502	830,052
Fund Balance (Deficit), Beginning, as Previously Reported	637,533	(5,000)	5,409	19,727	6,716	-
Adjustment - Changes From Nonmajor to Major Fund	-	-	-	-	-	-
Fund Balance (Deficit), Beginning as Adjusted	637,533	(5,000)	5,409	19,727	6,716	-
Fund Balance (Deficit), Ending	\$ 748,834	\$ (4,519)	\$ 1,399	\$ -	\$ 9,218	\$ 830,052

Capital Projects Funds							
Capital Projects	ERIM	TIF District No. 6	TIF District No. 7	TIF District No. 8	Previous Year Nonmajor TIF No. 9	TIF District No. 10	Total Nonmajor Funds
\$ -	\$ -	\$ 58,702	\$ 811,613	\$ 2,968	\$ -	\$ 70,843	\$ 944,126
2,312	-	-	967	-	-	-	3,279
48,898	-	2,013	4,515	-	-	-	128,554
24,317	-	-	-	-	-	-	280,146
34,774	26,878	-	874	-	-	141	120,624
8,456	-	-	-	-	-	-	20,517
<u>118,757</u>	<u>26,878</u>	<u>60,715</u>	<u>817,969</u>	<u>2,968</u>	<u>-</u>	<u>70,984</u>	<u>1,497,246</u>
-	-	-	-	-	-	-	16,707
-	-	-	-	-	-	-	70,305
-	-	-	-	-	-	-	79,846
-	-	150	129,149	26,692	-	43,907	333,540
449,618	1,942,126	-	-	-	-	-	2,415,398
-	51,966	-	-	-	-	-	51,966
<u>449,618</u>	<u>1,994,092</u>	<u>150</u>	<u>129,149</u>	<u>26,692</u>	<u>-</u>	<u>43,907</u>	<u>2,967,762</u>
<u>(330,861)</u>	<u>(1,967,214)</u>	<u>60,565</u>	<u>688,820</u>	<u>(23,724)</u>	<u>-</u>	<u>27,077</u>	<u>(1,470,516)</u>
-	2,210,012	-	-	-	-	-	2,210,012
-	20,342	-	-	-	-	-	20,342
3,700	19,460	-	-	-	-	-	23,160
250,000	-	180,492	-	-	-	-	1,276,270
-	-	(118,000)	(1,659,013)	-	-	-	(1,777,013)
<u>253,700</u>	<u>2,249,814</u>	<u>62,492</u>	<u>(1,659,013)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,752,771</u>
(77,161)	282,600	123,057	(970,193)	(23,724)	-	27,077	282,255
<u>757,934</u>	<u>26,006</u>	<u>(123,057)</u>	<u>970,193</u>	<u>(42,394)</u>	<u>(86,950)</u>	<u>(32,447)</u>	<u>2,133,670</u>
-	-	-	-	-	86,950	-	86,950
<u>757,934</u>	<u>26,006</u>	<u>(123,057)</u>	<u>970,193</u>	<u>(42,394)</u>	<u>-</u>	<u>(32,447)</u>	<u>2,220,620</u>
<u>\$ 680,773</u>	<u>\$ 308,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,118)</u>	<u>\$ -</u>	<u>\$ (5,370)</u>	<u>\$ 2,502,875</u>

FORM OF LEGAL OPINION

(See following pages)

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

May 22, 2025

Re: Village of Cottage Grove, Wisconsin ("Issuer")
\$3,335,000 General Obligation Promissory Notes, Series 2025A,
dated May 22, 2025 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 55,000	___%
2027	70,000	___
2028	580,000	___
2029	610,000	___
2030	570,000	___
2031	250,000	___
2032	280,000	___
2033	300,000	___
2034	300,000	___
2035	320,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2026.

The Notes maturing on April 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2032 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

3. 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 "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Cottage Grove, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$3,335,000 General Obligation Promissory Notes, Series 2025A, dated May 22, 2025 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 5, 2025 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

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

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

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

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

"Final Official Statement" means the Final Official Statement dated May ____, 2025 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

"Issuer Contact" means the Village Administrator of the Issuer who can be contacted at Village Hall, 221 East Cottage Grove Road, Cottage Grove, Wisconsin 53527, phone (608) 839-4704.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2025, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

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

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - 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 of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 22nd day of May, 2025.

(SEAL)

Cynthia Kelm-Nelson
President

Lisa Kalata
Village Clerk

NOTICE OF SALE

**\$3,335,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A
VILLAGE OF COTTAGE GROVE, WISCONSIN**

Bids for the purchase of \$3,335,000* General Obligation Promissory Notes, Series 2025A (the "Notes") of the Village of Cottage Grove, 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 May 5, 2025, 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 6:30 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 to raise funds for public purposes, including paying the cost of municipal vehicles and equipment, street and trail improvements, police station projects, utility improvements and park improvements. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated May 22, 2025, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$55,000	2030	\$570,000	2034	\$300,000
2027	70,000	2031	250,000	2035	320,000
2028	580,000	2032	280,000		
2029	610,000	2033	300,000		

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 April 1 and October 1 of each year, commencing April 1, 2026, 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 April 1, 2033 shall be subject to optional redemption prior to maturity on April 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

DELIVERY

On or about May 22, 2025, 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 MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village ("Bond Counsel"), and will be available at the time of delivery of the 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). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement.)

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

SUBMISSION OF BIDS

Bids must not be for less than \$3,293,312.50, nor more than \$3,668,500, plus accrued interest on the principal sum of \$3,335,000 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 submission.

A good faith deposit ("Deposit") in the amount of \$66,700 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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of 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-offering-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 of the Notes (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 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

Lisa Kalata, Village Clerk
Village of Cottage Grove, Wisconsin

BID FORM

Village Board
Village of Cottage Grove, Wisconsin (the "Village")

May 5, 2025

RE: \$3,335,000* General Obligation Promissory Notes, Series 2025A (the "Notes")
DATED: May 22, 2025

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 \$3,293,312.50, nor more than \$3,668,500) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2030	_____ % due	2034
_____ % due	2027	_____ % due	2031	_____ % due	2035
_____ % due	2028	_____ % due	2032		
_____ % due	2029	_____ % due	2033		

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 \$66,700 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 May 22, 2025.

This bid is subject to the Village's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Official Statement for the 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 May 22, 2025 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 Cottage Grove, Wisconsin, on May 5, 2025.

By: _____ By: _____

Title: _____ Title: _____