

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2026

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 be "qualified tax-exempt obligations".

New Issue

Non-Rated

VILLAGE OF SHARON, WISCONSIN (Walworth County)

\$2,810,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A

BID OPENING: February 10, 2026, 10:00 A.M., C.T.

CONSIDERATION: February 10, 2026, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,810,000* General Obligation Promissory Notes, Series 2026A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of Sharon, Wisconsin (the "Village"), for public purposes, including paying the cost of street improvements and Village Hall projects, and refunding certain outstanding obligations of the Village as described herein. 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: February 26, 2026

MATURITY: March 1 as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2028 | \$190,000 | 2033 | \$245,000 | 2038 | \$140,000 |
| 2029 | 185,000 | 2034 | 240,000 | 2039 | 145,000 |
| 2030 | 185,000 | 2035 | 220,000 | 2040 | 155,000 |
| 2031 | 215,000 | 2036 | 205,000 | 2041 | 160,000 |
| 2032 | 255,000 | 2037 | 135,000 | 2042 | 135,000 |

***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: March 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on March 1, 2035 and thereafter are subject to call for prior optional redemption on March 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$2,774,875.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$56,200 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 offered to buy or 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 for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Village to give any information or to make any representation other than those contained in this 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.

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VILLAGE OF SHARON VILLAGE BOARD

| | | <u>Term Expires</u> |
|-------------------|-------------------|---------------------|
| Mark Ruosch | Village President | April 2027 |
| Michael Bimrose | Village Trustee | April 2027 |
| Lawrence Diderich | Village Trustee | April 2027 |
| Marge Dreksler | Village Trustee | April 2026 |
| Karen Greenlee | Village Trustee | April 2027 |
| Amanda Rose | Village Trustee | April 2026 |
| Pamela Schutt | Village Trustee | April 2026 |

ADMINISTRATION

Dawn Redenius, Village Clerk-Treasurer
Jaymie Kunkel, Deputy Village Clerk-Treasurer

PROFESSIONAL SERVICES

Bradley J. Lochowicz, Lochowicz & Venema, LLP, Village Attorney, Elkhorn, Wisconsin

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

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of Sharon, Wisconsin (the "Village") and the issuance of its \$2,810,000* General Obligation Promissory Notes, Series 2026A (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 February 10, 2026.

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 February 26, 2026. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2027, 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, Minneapolis, 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 March 1, 2035 shall be subject to optional redemption prior to maturity on March 1, 2034 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, for public purposes, including paying the cost of street improvements and Village Hall projects, and refunding the Village's Note Anticipation Notes, Series 2025A, dated March 31, 2025 (the "2025A NANs"), as follows:

| Issue Being Refunded | Date of Refunded Issue | Call Date | Call Price | Maturity Being Refunded | Interest Rate | Principal to be Refunded |
|---------------------------------|-------------------------------|------------------|-------------------|--------------------------------|----------------------|---------------------------------|
| 2025A NANs | 3/31/2025 | 2/27/2026 | Par | 2026 | 4.57% | <u>\$1,650,000</u> |
| Total 2025A NANs Being Refunded | | | | | | <u>\$1,650,000</u> |

A portion of the proceeds of the Notes will be used to call and prepay the maturity described above.

ESTIMATED SOURCES AND USES*

Sources

| | |
|----------------------|---------------------------|
| Par Amount of Notes | <u>\$2,810,000</u> |
| Total Sources | <u>\$2,810,000</u> |

Uses

| | |
|--------------------------------------|---------------------------|
| Estimated Underwriter's Discount | \$35,125 |
| Costs of Issuance | 73,200 |
| Deposit to Project Construction Fund | 983,000 |
| Deposit to Current Refunding Fund | 1,718,493 |
| Rounding Amount | <u>182</u> |
| Total Uses | <u>\$2,810,000</u> |

*Preliminary, subject to change.

SECURITY

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

RATING

None of the outstanding indebtedness of the Village is currently rated, and the Village has not requested a rating on the Notes. A rating for the Notes may not be requested without contacting Ehlers and receiving the permission of the Village.

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.

The Village failed to timely file its audited financial statements for the year ended December 31, 2021. Except to the extent that the preceding is deemed to be material, the Village believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

An opinion as to the validity of the 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 includable 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the Village in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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 Bauman Associates, Ltd., Eau Claire, 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 are general obligations of the Village, the ultimate payment of which rests in the Village's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the Village in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State 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.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly 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

| | |
|---|---------------|
| 2025 Equalized Value | \$131,013,800 |
| 2025 Equalized Value Reduced by Tax Increment Valuation | \$117,494,300 |
| 2025 Assessed Value | \$88,616,900 |

2025 EQUALIZED VALUE BY CLASSIFICATION

| | 2025 Equalized Value ¹ | Percent of Total Equalized Value |
|---------------|--------------------------------------|-------------------------------------|
| Residential | \$98,497,000 | 75.181% |
| Commercial | 25,155,100 | 19.200% |
| Manufacturing | 7,171,300 | 5.474% |
| Agricultural | 183,000 | 0.140% |
| Undeveloped | 2,200 | 0.002% |
| Ag Forest | <u>5,200</u> | <u>0.004%</u> |
| Total | <u><u>\$131,013,800</u></u> | <u><u>100.000%</u></u> |

TREND OF VALUATIONS

| Year | Assessed Value | Equalized Value ¹ | Percent Increase/Decrease in Equalized Value |
|------|-------------------|---------------------------------|--|
| 2021 | \$80,763,200 | \$84,692,500 | 5.20% |
| 2022 | 80,610,000 | 93,458,400 | 10.35% |
| 2023 | 84,170,200 | 101,449,600 | 8.55% |
| 2024 | 87,902,300 | 119,311,100 | 17.61% |
| 2025 | 88,616,900 | 131,013,800 | 9.81% |

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

| Taxpayer | Type of Business/Property | 2025 Equalized Value ¹ | Percent of Village's Total Equalized Value |
|---|-------------------------------------|-----------------------------------|--|
| Sharon Land | Industrial Steel Roll | \$16,496,332 | 12.59% |
| Prairie Landings LLC | Multi Family Apartments | 10,557,528 | 8.06% |
| Alianza / Exacto Inc. | Agricultural Chemical Manufacturing | 7,144,836 | 5.45% |
| Sharon Holdings LLC | Agricultural Storage | 3,074,403 | 2.35% |
| Complete Feed Service LLC | Feed Mill | 2,451,514 | 1.87% |
| New Factory LLC | Office Space | 1,557,520 | 1.19% |
| Rightful King | Gas Station | 1,439,467 | 1.10% |
| SPEF VII LLC | Apartments | 1,363,683 | 1.04% |
| Individual | Funeral Home | 662,042 | 0.51% |
| DeLong Company | Grain Storage | <u>615,177</u> | <u>0.47%</u> |
| Total | | \$45,362,502 | 34.62% |
| Village's Total 2025 Equalized Value ² | | \$131,013,800 | |

Source: The Village.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes and the Concurrent Obligations, as defined herein)* \$4,930,829

Revenue Debt (see schedules following)

Total revenue debt secured by combined utility system revenues \$508,805

*Preliminary, subject to change.

¹ Calculated by dividing the 2025 Assessed Values by the 2025 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes and the Concurrent Obligations, and figures exclude the obligations to be refunded by the Notes and the Concurrent Obligations.

Combined Utility Revenue Bond Anticipation Notes¹

| Issue Date | Original Amount | Purpose | Final Maturity | Principal Outstanding |
|------------|-----------------|--|----------------|-----------------------|
| 11/10/2021 | \$2,180,000 | Combined Utility System Revenue Bond Anticipation Notes, Series 2021B (“2021B BANs”) | 11/01/2026 | \$2,180,000 |
| 7/23/2024 | 5,650,000 | Combined Utility System Revenue Bond Anticipation Notes, Series 2024A (“2024A BANs”) | 12/01/2026 | 5,650,000 |

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Concurrently with the Notes, the Village expects to issue its \$1,535,000* Taxable General Obligation Promissory Notes, Series 2026B (the “Concurrent Obligations”). The Village is currently in process of borrowing two USDA Rural Development loans that will be combined into a single issue of Combined Utility System Mortgage Revenue Bonds, which are expected to be issued on or about March 13, 2026 (the “2026 Revenue Bonds”) in the approximate amount of \$7,392,000*. The 2026 Revenue Bonds will refund the 2021B BANs, the 2024A BANs and the currently outstanding combined utility system revenue bonds shown on page 14. The Village may pursue general obligation borrowing for the purchase of an ambulance in 2027, but the exact amount and timing of any such financing 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 | \$131,013,800 |
| Multiply by 5% | 0.05 |
| Statutory Debt Limit | \$6,550,690 |
| Less: General Obligation Debt* | <u>(4,930,829)</u> |
| Unused Debt Limit* | <u><u>\$1,619,861</u></u> |

*Preliminary, subject to change.

¹ The 2021B BANs and the 2024A BANs will be refunded by the 2026 Revenue Bonds (see “FUTURE FINANCING” herein).

Village of Sharon, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 02/26/2026)

| Storm Water System Promissory Notes (CWL) Series 2011 | | | | State Trust Fund Loan | | | | State Trust Fund Loan | | | | Promissory Notes Series 2026A | | | | Taxable Promissory Notes Series 2026B | | | |
|---|-----------|------------|-----------|-----------------------|-----------|------------|-----------|-----------------------|--------------|--------------------|--------------|-------------------------------|----------------|-------------|-----------------------|---------------------------------------|----------------------|--|--|
| Dated | Amount | 08/24/2011 | \$738,294 | 06/01/2020 | \$662,809 | 06/01/2020 | \$263,823 | 02/26/2026 | \$2,810,000* | 02/26/2026 | \$1,535,000* | 02/26/2026 | \$1,535,000* | 03/01 | 03/01 | 03/01 | 03/01 | | |
| Maturity | | 05/01 | | 03/15 | | 03/15 | | 03/01 | | 03/01 | | 03/01 | | 03/01 | | 03/01 | | | |
| Calendar Year Ending | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Estimated Interest | Principal | Estimated Interest | Principal | Total Principal | Total Interest | Total P & I | Principal Outstanding | % Paid | Calendar Year Ending | | |
| 2026 | 40,977 | 6,290 | 92,368 | 5,043 | 26,511 | 3,851 | 0 | 0 | 39,282 | 159,856 | 54,466 | 214,321 | 4,770,974 | 3.24% | 2026 | | | | |
| 2027 | 42,042 | 5,211 | 91,013 | 2,503 | 27,240 | 3,122 | 0 | 166,516 | 74,261 | 265,295 | 251,613 | 516,908 | 4,505,678 | 8.62% | 2027 | | | | |
| 2028 | 43,135 | 4,103 | | | 27,983 | 2,380 | 190,000 | 106,763 | 75,000 | 70,508 | 336,118 | 183,753 | 519,871 | 4,169,560 | 15.44% | 2028 | | | |
| 2029 | 44,257 | 2,967 | | | 28,759 | 1,603 | 185,000 | 100,341 | 80,000 | 67,213 | 338,015 | 172,124 | 510,140 | 3,831,545 | 22.29% | 2029 | | | |
| 2030 | 45,407 | 1,802 | | | 29,550 | 813 | 185,000 | 93,913 | 80,000 | 63,753 | 339,957 | 160,279 | 500,236 | 3,491,588 | 29.19% | 2030 | | | |
| 2031 | 46,588 | 606 | | | 215,000 | 86,859 | 80,000 | 60,213 | 341,588 | 147,677 | 489,265 | 3150,000 | 3,150,000 | 36.12% | 2031 | | | | |
| 2032 | | | | | 255,000 | 78,389 | 80,000 | 56,593 | 335,000 | 134,981 | 469,981 | 2,815,000 | 42.91% | 2032 | | | | | |
| 2033 | | | | | 245,000 | 69,141 | 85,000 | 52,754 | 330,000 | 121,895 | 451,895 | 2,485,000 | 49.60% | 2033 | | | | | |
| 2034 | | | | | 240,000 | 59,928 | 85,000 | 48,653 | 325,000 | 108,580 | 433,580 | 2,160,000 | 56.19% | 2034 | | | | | |
| 2035 | | | | | 220,000 | 50,963 | 95,000 | 44,195 | 315,000 | 95,158 | 410,158 | 1,845,000 | 62.58% | 2035 | | | | | |
| 2036 | | | | | 205,000 | 42,466 | 95,000 | 39,398 | 300,000 | 81,864 | 381,864 | 1,545,000 | 68.67% | 2036 | | | | | |
| 2037 | | | | | 135,000 | 35,514 | 95,000 | 34,505 | 230,000 | 70,019 | 300,019 | 1,315,000 | 73.33% | 2037 | | | | | |
| 2038 | | | | | 140,000 | 29,738 | 100,000 | 29,385 | 240,000 | 59,123 | 299,123 | 1,075,000 | 78.20% | 2038 | | | | | |
| 2039 | | | | | 145,000 | 23,609 | 100,000 | 24,035 | 245,000 | 47,644 | 292,644 | 830,000 | 83.17% | 2039 | | | | | |
| 2040 | | | | | 155,000 | 17,006 | 105,000 | 18,448 | 260,000 | 35,454 | 295,454 | 570,000 | 88.44% | 2040 | | | | | |
| 2041 | | | | | 160,000 | 9,918 | 115,000 | 12,340 | 275,000 | 22,258 | 297,258 | 295,000 | 94.02% | 2041 | | | | | |
| 2042 | | | | | 135,000 | 3,139 | 160,000 | 4,560 | 295,000 | 7,699 | 302,699 | 0 | 100.00% | 2042 | | | | | |
| | 262,406 | 20,978 | 183,381 | 7,546 | 140,043 | 11,769 | 2,810,000 | 974,200 | 1,535,000 | 740,092 | 4,930,829 | 1,754,585 | 6,685,414 | | | | | | |

* Preliminary, subject to change.

Village of Sharon, Wisconsin

Schedule of Bonded Indebtedness

Revenue Debt Secured by Combined Utility Revenues

(As of 02/26/2026)

| | Combined Utility System Revenue Bonds (CWFL) Series 2014 ⁽¹⁾ | | Combined Utility System Revenue Bonds (CWFL) Series 2017 ⁽¹⁾ | | | | | | |
|-------------------------|---|----------|---|----------|-----------------|----------------|-------------|--------------------------|----------------------------|
| Dated Amount | 12/23/2014 \$512,254 | | 04/26/2017 \$369,164 | | | | | | |
| Maturity | 05/01 | | 05/01 | | | | | | |
| Calendar Year Ending | Principal | Interest | Principal | Interest | Total Principal | Total Interest | Total P & I | Principal Outstanding | Calendar Year Ending |
| 2026 | 27,464 | 6,853 | 18,802 | 5,488 | 46,265 | 12,340 | 58,605 | 462,540 | 9.09% 2026 |
| 2027 | 28,185 | 6,122 | 19,261 | 5,023 | 47,445 | 11,145 | 58,590 | 415,095 | 18.42% 2027 |
| 2028 | 28,924 | 5,373 | 19,732 | 4,546 | 48,656 | 9,919 | 58,575 | 366,439 | 27.98% 2028 |
| 2029 | 29,684 | 4,603 | 20,214 | 4,058 | 49,897 | 8,662 | 58,559 | 316,542 | 37.79% 2029 |
| 2030 | 30,463 | 3,814 | 20,707 | 3,559 | 51,170 | 7,372 | 58,543 | 265,371 | 47.84% 2030 |
| 2031 | 31,262 | 3,004 | 21,213 | 3,047 | 52,476 | 6,050 | 58,526 | 212,896 | 58.16% 2031 |
| 2032 | 32,083 | 2,172 | 21,731 | 2,522 | 53,815 | 4,694 | 58,509 | 159,081 | 68.73% 2032 |
| 2033 | 32,925 | 1,319 | 22,262 | 1,985 | 55,188 | 3,304 | 58,491 | 103,893 | 79.58% 2033 |
| 2034 | 33,790 | 443 | 22,806 | 1,434 | 56,596 | 1,878 | 58,473 | 47,298 | 90.70% 2034 |
| 2035 | | | 23,363 | 870 | 23,363 | 870 | 24,234 | 23,934 | 95.30% 2035 |
| 2036 | | | 23,934 | 292 | 23,934 | 292 | 24,227 | 0 | 100.00% 2036 |
| | 274,779 | 33,703 | 234,026 | 32,823 | 508,805 | 66,526 | 575,332 | | |

⁽¹⁾ These issues will be refunded by the 2026 Revenue Bonds (see "FUTURE FINANCING" herein and the schedule on the following page).

Village of Sharon, Wisconsin

Schedule of Bonded Indebtedness

Revenue Debt Secured by Combined Utility Revenues

**Combined Utility System Mortgage
Bonds**

| Dated | 03/13/2026 ⁽¹⁾ | | | | | | | |
|-------------------------|---------------------------|-----------|-----------------|----------------|-------------|--------------------------|---------|----------------------------|
| Amount | \$7,392,000* | | | | | | | |
| Maturity | 05/01 | | | | | | | |
| <hr/> | | | | | | | | |
| Calendar Year Ending | Principal | Interest | Total Principal | Total Interest | Total P & I | Principal Outstanding | % Paid | Calendar Year Ending |
| 2026 | 35,300 | 69,454 | 35,300 | 69,454 | 104,754 | 7,356,700 | .48% | 2026 |
| 2027 | 141,000 | 108,537 | 141,000 | 108,537 | 249,537 | 7,215,700 | 2.39% | 2027 |
| 2028 | 143,100 | 106,486 | 143,100 | 106,486 | 249,586 | 7,072,600 | 4.32% | 2028 |
| 2029 | 145,100 | 104,402 | 145,100 | 104,402 | 249,502 | 6,927,500 | 6.28% | 2029 |
| 2030 | 147,200 | 102,286 | 147,200 | 102,286 | 249,486 | 6,780,300 | 8.28% | 2030 |
| 2031 | 149,300 | 100,136 | 149,300 | 100,136 | 249,436 | 6,631,000 | 10.29% | 2031 |
| 2032 | 151,500 | 97,952 | 151,500 | 97,952 | 249,452 | 6,479,500 | 12.34% | 2032 |
| 2033 | 153,700 | 95,732 | 153,700 | 95,732 | 249,432 | 6,325,800 | 14.42% | 2033 |
| 2034 | 155,900 | 93,477 | 155,900 | 93,477 | 249,377 | 6,169,900 | 16.53% | 2034 |
| 2035 | 158,200 | 91,186 | 158,200 | 91,186 | 249,386 | 6,011,700 | 18.67% | 2035 |
| 2036 | 160,500 | 88,857 | 160,500 | 88,857 | 249,357 | 5,851,200 | 20.84% | 2036 |
| 2037 | 162,900 | 86,491 | 162,900 | 86,491 | 249,391 | 5,688,300 | 23.05% | 2037 |
| 2038 | 165,300 | 84,086 | 165,300 | 84,086 | 249,386 | 5,523,000 | 25.28% | 2038 |
| 2039 | 167,700 | 81,642 | 167,700 | 81,642 | 249,342 | 5,355,300 | 27.55% | 2039 |
| 2040 | 170,200 | 79,158 | 170,200 | 79,158 | 249,358 | 5,185,100 | 29.86% | 2040 |
| 2041 | 172,600 | 76,635 | 172,600 | 76,635 | 249,235 | 5,012,500 | 32.19% | 2041 |
| 2042 | 175,200 | 74,071 | 175,200 | 74,071 | 249,271 | 4,837,300 | 34.56% | 2042 |
| 2043 | 177,800 | 71,465 | 177,800 | 71,465 | 249,265 | 4,659,500 | 36.97% | 2043 |
| 2044 | 180,500 | 68,816 | 180,500 | 68,816 | 249,316 | 4,479,000 | 39.41% | 2044 |
| 2045 | 183,100 | 66,123 | 183,100 | 66,123 | 249,223 | 4,295,900 | 41.88% | 2045 |
| 2046 | 185,800 | 63,387 | 185,800 | 63,387 | 249,187 | 4,110,100 | 44.40% | 2046 |
| 2047 | 188,500 | 60,606 | 188,500 | 60,606 | 249,106 | 3,921,600 | 46.95% | 2047 |
| 2048 | 191,400 | 57,780 | 191,400 | 57,780 | 249,180 | 3,730,200 | 49.54% | 2048 |
| 2049 | 194,300 | 54,906 | 194,300 | 54,906 | 249,206 | 3,535,900 | 52.17% | 2049 |
| 2050 | 197,100 | 51,985 | 197,100 | 51,985 | 249,085 | 3,338,800 | 54.83% | 2050 |
| 2051 | 200,000 | 49,017 | 200,000 | 49,017 | 249,017 | 3,138,800 | 57.54% | 2051 |
| 2052 | 203,100 | 45,999 | 203,100 | 45,999 | 249,099 | 2,935,700 | 60.29% | 2052 |
| 2053 | 206,100 | 42,931 | 206,100 | 42,931 | 249,031 | 2,729,600 | 63.07% | 2053 |
| 2054 | 209,100 | 39,814 | 209,100 | 39,814 | 248,914 | 2,520,500 | 65.90% | 2054 |
| 2055 | 212,300 | 36,645 | 212,300 | 36,645 | 248,945 | 2,308,200 | 68.77% | 2055 |
| 2056 | 215,500 | 33,423 | 215,500 | 33,423 | 248,923 | 2,092,700 | 71.69% | 2056 |
| 2057 | 218,800 | 30,147 | 218,800 | 30,147 | 248,947 | 1,873,900 | 74.65% | 2057 |
| 2058 | 222,100 | 26,816 | 222,100 | 26,816 | 248,916 | 1,651,800 | 77.65% | 2058 |
| 2059 | 225,400 | 23,430 | 225,400 | 23,430 | 248,830 | 1,426,400 | 80.70% | 2059 |
| 2060 | 228,900 | 19,987 | 228,900 | 19,987 | 248,887 | 1,197,500 | 83.80% | 2060 |
| 2061 | 232,300 | 16,486 | 232,300 | 16,486 | 248,786 | 965,200 | 86.94% | 2061 |
| 2062 | 235,800 | 12,928 | 235,800 | 12,928 | 248,728 | 729,400 | 90.13% | 2062 |
| 2063 | 239,400 | 9,310 | 239,400 | 9,310 | 248,710 | 490,000 | 93.37% | 2063 |
| 2064 | 243,000 | 5,631 | 243,000 | 5,631 | 248,631 | 247,000 | 96.66% | 2064 |
| 2065 | 247,000 | 1,888 | 247,000 | 1,888 | 248,888 | 0 | 100.00% | 2065 |
| | 7,392,000 | 2,430,106 | 7,392,000 | 2,430,106 | 9,822,106 | | | |

* Preliminary, subject to change.

⁽¹⁾ These Bonds are expected to be issued on March 13, 2026.

OVERLAPPING DEBT¹

| Taxing District | 2025 Equalized Value ² | % In Village | Total G.O. Debt ³ | Village's Proportionate Share |
|---|-----------------------------------|--------------|------------------------------|-------------------------------|
| Gateway Technical College District | \$86,397,448,588 | 0.1516% | \$78,490,000 | \$118,991 |
| Bigfoot Union High School District | 5,489,538,953 | 2.3866% | 2,275,000 | 54,295 |
| Sharon Joint 11 School District | 200,537,578 | 65.3313% | 500,000 | 326,657 |
| Village's Share of Total Overlapping Debt | | | | <u><u>\$499,943</u></u> |

DEBT RATIOS

| | G.O. Debt | Debt/Equalized Value \$131,013,800 | Debt/ Per Capita 1,571 ⁴ |
|---|----------------|---------------------------------------|--|
| Total General Obligation Debt* | \$4,930,829 | 3.76% | \$3,138.66 |
| Village's Share of Total Overlapping Debt | <u>499,943</u> | <u>0.38%</u> | <u>318.23</u> |
| Total* | \$5,430,772 | 4.15% | \$3,456.89 |

*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. Walworth County currently has no outstanding general obligation debt.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2025 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 |
|----------|--------------------------------|--------------------------|--|
| 2021/22 | \$924,916 | 100% | \$10.93 |
| 2022/23 | 959,687 | 100% | 10.31 |
| 2023/24 | 956,164 | 100% | 9.78 |
| 2024/25 | 1,078,190 | 100% | 9.79 |
| 2025/26 | 1,147,344 | In Process of Collection | 9.77 |

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 was repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax was 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 | Schools ¹ | County | Local | Total |
|--------------------------------|----------------------|--------|---------|---------|
| 2021/22 | \$12.58 | \$3.34 | \$10.93 | \$26.85 |
| 2022/23 | 11.99 | 2.90 | 10.31 | 25.20 |
| 2023/24 | 11.49 | 2.50 | 9.78 | 23.77 |
| 2024/25 | 10.21 | 2.30 | 9.79 | 22.30 |
| 2025/26 | 4.30 | 2.19 | 9.77 | 16.26 |

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

LEVY LIMITS

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

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

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

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

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. 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.

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 2025, the Village received approximately \$360,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$337,000 received in 2024. The Village is expected to receive approximately \$333,000 in shared revenue under Chapter 79, Wis. Stats. in 2026. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1892 and is governed by a Village President and six other Village Board members. The Village President votes on all matters. Village Board members are elected in staggered years for two-year terms. The appointed Village Clerk-Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 11 full-time and four part-time employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 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 \$58,774, \$60,972 and \$68,688, 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. As of December 31, 2024, the total pension liability of the WRS was calculated as \$136.18 billion and the fiduciary net position of the WRS was calculated as \$134.54 billion, resulting in a net pension liability of \$1.64 billion. Accordingly, the Village will continue to report its proportionate share of the net pension liability for the fiscal year ended December 31, 2025.

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 \$71,178 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 0.0047874% 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 9 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 |
|--|--|
| Village of Sharon Professional Police Officers Association/Wisconsin Professional Police Association | December 31, 2027 |

OTHER POST EMPLOYMENT BENEFITS

The Village 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.

For Fiscal Year 2024, the Village's portion of contributions to the LRLIF totaled \$95. For Fiscal Year 2024, the Village reported a liability of \$21,536 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2023 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.00468100% of the aggregate LRLIF net OPEB liability/asset as of December 31, 2023.

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.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 10 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of January 8, 2026)

| Fund | Total Cash and Investments |
|---------------------|-----------------------------------|
| General | \$1,599,498 |
| TID 5 | 110,720 |
| O&M Utility | 593,389 |
| TID 4 | 94,535 |
| EMS | 26,357 |
| Municipal Court | 12,421 |
| Total Funds on Hand | <u><u>\$2,436,920</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 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Water | | | |
| Total Operating Revenues | \$378,870 | \$389,761 | \$386,676 |
| Less: Operating Expenses | <u>(312,850)</u> | <u>(347,053)</u> | <u>(333,599)</u> |
| Operating Income | \$66,020 | \$42,708 | \$53,077 |
| Plus: Depreciation | 71,337 | 81,165 | 83,329 |
| Interest Income | <u>66,020</u> | <u>42,708</u> | <u>53,077</u> |
| Revenues Available for Debt Service | <u><u>\$203,377</u></u> | <u><u>\$166,581</u></u> | <u><u>\$189,483</u></u> |
| Sewer | | | |
| Total Operating Revenues | \$329,488 | \$347,403 | \$382,305 |
| Less: Operating Expenses | <u>(353,472)</u> | <u>(363,300)</u> | <u>(349,288)</u> |
| Operating Income | (\$23,984) | (\$15,897) | \$33,017 |
| Plus: Depreciation | 77,431 | 82,270 | 85,659 |
| Interest Income | <u>(23,984)</u> | <u>(15,897)</u> | <u>33,017</u> |
| Revenues Available for Debt Service | <u><u>\$29,463</u></u> | <u><u>\$50,476</u></u> | <u><u>\$151,693</u></u> |

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT

| | 2021 Audited | 2022 Audited | 2023 Audited | 2024 Audited | 2025 Unaudited |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | |
| Taxes & special assessments | \$949,467 | \$804,032 | \$838,591 | \$845,869 | \$1,171,497 |
| Intergovernmental | 374,188 | 538,636 | 474,018 | 491,505 | 503,496 |
| Licenses and permits | 14,966 | 70,921 | 22,194 | 28,980 | 43,263 |
| Fines and forfeitures | 42,231 | 42,191 | 33,226 | 34,149 | 32,046 |
| Charges for services | 240,431 | 241,421 | 229,945 | 245,179 | 200,543 |
| Investments earnings | 3,185 | 6,154 | 27,645 | 32,108 | |
| Miscellaneous | 21,698 | 20,192 | 16,707 | 131,641 | 174,897 |
| Total Revenues | \$1,646,166 | \$1,723,547 | \$1,642,326 | \$1,809,431 | \$2,125,742 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | \$244,596 | \$353,036 | \$350,315 | \$365,196 | \$528,895 |
| Public safety | 757,895 | 841,083 | 870,054 | 859,858 | 828,406 |
| Public works | 234,833 | 203,144 | 211,854 | 225,456 | 236,780 |
| Health and human services | 5,000 | 5,000 | 500 | 10,500 | 0 |
| Culture, recreation and education | 130,299 | 118,094 | 109,352 | 135,880 | 294,081 |
| Conservation and development | 6,845 | 988 | 46,225 | 2,325 | 2,525 |
| Nondepartmental | 121,651 | 0 | 0 | 0 | 0 |
| Capital outlay | 228,210 | 74,324 | 6,125 | 356,467 | 0 |
| Debt service: | | | | | |
| Principal | 91,608 | 0 | 0 | 0 | 88,533 |
| Interest | 21,418 | 0 | 0 | 0 | 85,120 |
| Total Expenditures | \$1,842,355 | \$1,595,669 | \$1,594,425 | \$1,955,682 | \$2,064,340 |
| Excess of revenues over (under) expenditures | (\$196,189) | \$127,878 | \$47,901 | (\$146,251) | \$61,402 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in - tax equivalent | \$69,037 | \$66,599 | \$85,706 | \$79,811 | |
| Transfers in | 0 | 17,846 | 39,955 | 20,793 | |
| Transfers (out) | 0 | 0 | (209,405) | 0 | |
| Total Other Financing Sources (Uses) | 69,037 | 84,445 | (83,744) | 100,604 | |
| Net changes in Fund Balances | (\$127,152) | \$212,323 | (\$35,843) | (\$45,647) | |
| General Fund Balance January 1 | \$1,778,334 | \$1,651,182 | \$1,863,505 | \$1,827,662 | |
| Correction of Error | 0 | 0 | 0 | 231,627 | |
| General Fund Balance December 31 | \$1,651,182 | \$1,863,505 | \$1,827,662 | \$2,013,642 | |
| DETAILS OF DECEMBER 31 FUND BALANCE | | | | | |
| Nonspendable | \$1,244,139 | \$1,255,707 | \$1,295,791 | \$1,862,376 | |
| Unassigned | 407,043 | 607,798 | 531,871 | 151,266 | |
| Total | \$1,651,182 | \$1,863,505 | \$1,827,662 | \$2,013,642 | |

GENERAL FUND BUDGET SUMMARY

FISCAL YEAR ENDING DECEMBER 31 COMBINED STATEMENT

| | 2026 Adopted Budget ¹ |
|---|--|
| Revenues | |
| Taxes & special assessments | \$1,237,679 |
| Intergovernmental | 442,389 |
| Licenses and permits | 24,745 |
| Fines and forfeitures | 245,400 |
| Charges for services | 291,126 |
| Investments earnings | 24,000 |
| Miscellaneous | 31,000 |
| Total Revenues | \$2,296,339 |
| Expenditures | |
| Current: | |
| General government | \$412,600 |
| Public safety | 1,001,916 |
| Public works | 370,583 |
| Health and human services | 5,500 |
| Culture, recreation and education | 126,818 |
| Conservation and development | 8,000 |
| Capital outlay | 0 |
| Debt service: | 170,922 |
| Total Expenditures | \$2,096,339 |
| Excess of revenues over (under) expenditures | \$200,000 |
| Other Financing Sources (Uses) | |
| Transfers in - tax equivalent | 200,000 |
| Total Other Financing Sources (Uses) | 0 |
| Net changes in Fund Balances | \$200,000 |

¹ The 2026 Budget was adopted on December 16, 2025.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 1,586 and a current estimated population of 1,571, comprises an area of 576 acres. The Village is located approximately 29 miles southeast of Janesville and approximately 66 miles southwest of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

| Firm | Type of Business/Product | Estimated No. of Employees |
|--------------------------------------|--|----------------------------|
| Exacto, Inc. | Manufacturer of agricultural chemicals | 65 |
| Complete Feed Service, LLC | Animal feed | 35 |
| Sharon Joint School District | Elementary and secondary education | 27 |
| Artzen | Steel Rolling | 15 |
| The Village | Municipal government and services | 15 |
| Aqua Innovations | Environmental engineering firm | 13 |
| Sharon Telephone Company | Telephone communications | 9 |
| Integrated Separation Solutions, LLC | Manufacturer of service industry machinery | 8 |
| Finn & Louie's Pizzeria | Restaurant | 7 |
| Coffee Cup Café | Café | 7 |

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

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

BUILDING PERMITS

| | 2021 ¹ | 2022 | 2023 | 2024 | 2025 ² |
|---|-------------------|--------------|-------------|-------------|-------------------|
| <u>New Single Family Homes</u> | | | | | |
| No. of building permits | N/A | 1 | 2 | 3 | 3 |
| Valuation | N/A | \$280,000 | \$470,000 | \$757,000 | \$850,000 |
| <u>New Commercial/Industrial</u> | | | | | |
| No. of building permits | N/A | 1 | 0 | 0 | 2 |
| Valuation | N/A | \$10,900,000 | \$0 | \$0 | \$2,900,000 |
| <u>All Building Permits</u> <i>(including additions and remodelings)</i> | | | | | |
| No. of building permits | N/A | 60 | 81 | 64 | 84 |
| Valuation | N/A | \$12,520,590 | \$1,845,815 | \$1,408,409 | \$9,910,611 |

Source: The Village.

¹ The 2021 totals are not available.

² As of January 9, 2026.

U.S. CENSUS DATA

Population Trend: The Village

| | |
|-------------------------------|--------|
| 2010 U.S. Census Population | 1,605 |
| 2020 U.S. Census Population | 1,586 |
| Percent of Change 2010 - 2020 | -1.18% |
| 2025 Estimated Population | 1,571 |

Income and Age Statistics

| | The Village | Walworth County | State of Wisconsin | United States |
|--|-------------|-----------------|--------------------|---------------|
| 2023 per capita income | \$29,821 | \$42,771 | \$42,019 | \$43,289 |
| 2023 median household income | \$63,250 | \$77,359 | \$75,670 | \$78,538 |
| 2023 median family income | \$77,857 | \$99,058 | \$97,261 | \$96,922 |
| 2023 median gross rent | \$998 | \$1,090 | \$1,045 | \$1,348 |
| 2023 median value owner occupied units | \$187,500 | \$275,900 | \$247,400 | \$303,400 |
| 2023 median age | 32.0 yrs. | 41.1 yrs. | 40.1 yrs. | 38.7 yrs. |

| | State of Wisconsin | United States |
|--|--------------------|---------------|
| Village % of 2023 per capita income | 70.97% | 68.89% |
| Village % of 2023 median family income | 80.05% | 80.33% |

Housing Statistics

| | The Village | | |
|-------------------|-------------|------|-------------------|
| | 2020 | 2023 | Percent of Change |
| All Housing Units | 708 | 632 | -10.73% |

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 | Average Employment | | Average Unemployment | |
|-----------------------------|--------------------|-----------------|----------------------|--------------------|
| | Walworth County | Walworth County | Walworth County | State of Wisconsin |
| 2021 | 55,290 | 3.7% | 3.8% | |
| 2022 | 55,955 | 2.8% | 2.8% | |
| 2023 | 57,146 | 2.8% | 2.8% | |
| 2024, ¹ | 59,034 | 2.8% | 3.0% | |
| 2025, November ¹ | 58,613 | 2.4% | 2.7% | |

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

APPENDIX A

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 change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

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

Village of Sharon

Financial Statements

Year ended December 31, 2024



VILLAGE OF SHARON
December 31, 2024
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Independent Auditors' Report

To the Village Board
Village of Sharon
Village of Sharon, Wisconsin

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 Sharon ("Village") as of December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's 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 14 to the financial statements, the beginning net position on the statement activities and the beginning general fund balance on the statement of revenues, expenditures, and changes in fund balances – governmental funds have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 shown 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 (as shown in the table of contents) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sharon's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin
August 04, 2025

BASIC FINANCIAL STATEMENTS

VILLAGE OF SHARON
STATEMENT OF NET POSITION
December 31, 2024

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 550,010 | \$ 207,455 | \$ 757,465 |
| Receivables: | | | |
| Taxes | 1,288,430 | - | 1,288,430 |
| Special Assessments | 1,031 | - | 1,031 |
| Accounts and other | 8,219 | 74,971 | 83,190 |
| Grants | 50,000 | - | 50,000 |
| Loans | 150,206 | - | 150,206 |
| Prepayments | 14,954 | - | 14,954 |
| Internal balances | 41,672 | (41,672) | - |
| Inventories | - | 11,734 | 11,734 |
| Restricted assets: | | | |
| Cash and investments | - | 5,794,710 | 5,794,710 |
| Capital Assets: | | | |
| Land, land rights, and construction in process | 210,684 | 1,702,591 | 1,913,275 |
| Other capital assets, net of depreciation | 4,599,362 | 6,075,302 | 10,674,664 |
| Total assets | <u>6,914,568</u> | <u>13,825,091</u> | <u>20,739,659</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | 513,944 | 122,046 | 635,990 |
| Deferred outflows related to OPEB | 13,623 | 3,235 | 16,858 |
| Total Deferred Outflows of Resources | <u>527,567</u> | <u>125,281</u> | <u>652,848</u> |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 151,857 | 512,027 | 663,884 |
| Accrued payroll and related benefits | 34,449 | 1,936 | 36,385 |
| Accrued interest payable | 21,529 | 137,830 | 159,359 |
| Bonds and notes payable, due within one year | 154,277 | 1,275,114 | 1,429,391 |
| Bonds and notes payable, due in more than one year | 4,200,825 | 6,158,805 | 10,359,630 |
| Unamortized premium on long-term debt | 16,472 | 27,669 | 44,141 |
| Compensated absence liability | 113,337 | - | 113,337 |
| Due to other governments | 5,814 | - | 5,814 |
| Net pension liability | 57,519 | 13,659 | 71,178 |
| Net OPEB liability | 17,403 | 4,133 | 21,536 |
| Total liabilities | <u>4,773,482</u> | <u>8,131,173</u> | <u>12,904,655</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | 1,283,369 | - | 1,283,369 |
| Sale of easement rights | - | 88,453 | 88,453 |
| Deferred special assessments | 2,020 | - | 2,020 |
| Deferred inflows related to pension | 310,744 | 73,792 | 384,536 |
| Deferred inflows related to OPEB | 24,349 | 5,782 | 30,131 |
| Total deferred inflows of resources | <u>1,620,482</u> | <u>168,027</u> | <u>1,788,509</u> |
| NET POSITION (DEFICIT) | | | |
| Net investment in capital assets | 440,431 | 5,844,203 | 6,284,634 |
| Restricted | 2,495,171 | 294,481 | 2,789,652 |
| Unrestricted | <u>(1,887,431)</u> | <u>(487,512)</u> | <u>(2,374,943)</u> |
| Total net position | <u>\$ 1,048,171</u> | <u>\$ 5,651,172</u> | <u>\$ 6,699,343</u> |

See accompanying notes to financial statements

VILLAGE OF SHARON
STATEMENT OF ACTIVITIES
For Year Ended 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 | Government Activities | Business-type Activities | Total | |
| PRIMARY GOVERNMENT | | | | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| General government | \$ 378,621 | \$ 35,849 | \$ - | \$ (342,772) | \$ - | \$ (342,772) | | |
| Public safety | 914,109 | 136,867 | 170,254 | - | (606,988) | - | (606,988) | |
| Public works | 483,747 | 97,315 | 375 | - | (386,057) | - | (386,057) | |
| Health and human services | 10,500 | - | - | - | (10,500) | - | (10,500) | |
| Culture, recreation and education | 155,423 | 12,079 | 3,697 | - | (139,647) | - | (139,647) | |
| Conservation and development | 4,384 | - | - | - | (4,384) | - | (4,384) | |
| Interest on long-term liabilities | 81,146 | - | - | - | (81,146) | - | (81,146) | |
| Total governmental activities | <u>2,027,930</u> | <u>282,110</u> | <u>174,326</u> | <u>-</u> | <u>(1,571,494)</u> | <u>-</u> | <u>(1,571,494)</u> | |
| BUSINESS-TYPE ACTITIVITIES: | | | | | | | | |
| Water and sewer | <u>893,217</u> | <u>768,981</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(124,236)</u> | <u>(124,236)</u> | |
| Total business-type activities | <u>893,217</u> | <u>768,981</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(124,236)</u> | <u>(124,236)</u> | |
| Total primary government | <u>\$ 2,921,147</u> | <u>\$ 1,051,091</u> | <u>\$ 174,326</u> | <u>\$ -</u> | <u>(1,571,494)</u> | <u>(124,236)</u> | <u>(1,695,730)</u> | |
| GENERAL REVENUES AND TRANSFERS | | | | | | | | |
| Property taxes levied for general purposes | | | | 903,104 | - | 903,104 | | |
| Property taxes levied for debt service | | | | 140,000 | - | 140,000 | | |
| Contributions | | | | 125,000 | - | 125,000 | | |
| Intergovernmental revenues not restricted to specific programs | | | | 340,010 | - | 340,010 | | |
| Mobile home and other taxes | | | | 24,991 | - | 24,991 | | |
| Unrestricted investment earnings | | | | 36,504 | 29,801 | 66,305 | | |
| Miscellaneous Revenue | | | | 32,396 | 67,221 | 99,617 | | |
| Transfers | | | | 79,811 | (79,811) | - | | |
| Total general revenues and transfers | | | | <u>1,681,816</u> | <u>17,211</u> | <u>1,699,027</u> | | |
| Change In Net Position | | | | 110,322 | (107,025) | 3,297 | | |
| Net position - Beginning of year | | | | 896,922 | 5,758,197 | 6,655,119 | | |
| Correction of error | | | | 40,927 | - | 40,927 | | |
| Net position - End of year | | | | <u>\$ 1,048,171</u> | <u>\$ 5,651,172</u> | <u>\$ 6,699,343</u> | | |

See accompanying notes to financial statements

VILLAGE OF SHARON
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2024

| | General Fund | Capital Projects TID #4 | TID #5 Fund | Aggregate Nonmajor Funds | Total Governmental Funds |
|--|----------------------------|----------------------------|--------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 421,985 | \$ - | \$ 22,407 | \$ 105,618 | \$ 550,010 |
| Receivables (net) | | | | | |
| Taxes | 943,085 | 5,586 | 199,759 | 140,000 | 1,288,430 |
| Special Assessments | 1,031 | - | - | - | 1,031 |
| Grants | - | - | 50,000 | - | 50,000 |
| Loans | - | - | - | 150,206 | 150,206 |
| Other | 8,219 | - | - | - | 8,219 |
| Prepaid expenses | 14,954 | - | - | - | 14,954 |
| Due from other funds | - | - | 49,200 | 85,637 | 134,837 |
| Advances due from other funds | <u>1,847,422</u> | <u>441,540</u> | <u>-</u> | <u>-</u> | <u>2,288,962</u> |
| Total assets | <u><u>3,236,696</u></u> | <u><u>447,126</u></u> | <u><u>321,366</u></u> | <u><u>481,461</u></u> | <u><u>4,486,649</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | 149,416 | - | 2,441 | - | 151,857 |
| Accrued payroll | 34,449 | - | - | - | 34,449 |
| Due to other funds | 93,165 | - | - | - | 93,165 |
| Due to other governments | 5,814 | - | - | - | 5,814 |
| Advances due to other funds | <u>-</u> | <u>1,498,469</u> | <u>790,493</u> | <u>-</u> | <u>2,288,962</u> |
| Total liabilities | <u>282,844</u> | <u>1,498,469</u> | <u>792,934</u> | <u>-</u> | <u>2,574,247</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | 938,190 | 5,585 | 199,759 | 140,000 | 1,283,534 |
| Deferred revenues | - | - | - | 150,206 | 150,206 |
| Deferred special assessments | <u>2,020</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,020</u> |
| Total deferred inflows of resources | <u>940,210</u> | <u>5,585</u> | <u>199,759</u> | <u>290,206</u> | <u>1,435,760</u> |
| FUND BALANCES (DEFICIT) | | | | | |
| Nonspendable | 1,862,376 | 441,540 | - | - | 2,303,916 |
| Restricted | - | - | - | 191,255 | 191,255 |
| Unassigned | <u>151,266</u> | <u>(1,498,468)</u> | <u>(671,327)</u> | <u>-</u> | <u>(2,018,529)</u> |
| Total fund balance | <u>2,013,642</u> | <u>(1,056,928)</u> | <u>(671,327)</u> | <u>191,255</u> | <u>476,642</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 3,236,696</u></u> | <u><u>\$ 447,126</u></u> | <u><u>\$ 321,366</u></u> | <u><u>\$ 481,461</u></u> | <u><u>\$ 4,486,649</u></u> |

See accompanying notes to financial statements

VILLAGE OF SHARON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 476,642

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | | |
|--|------------------|-----------|
| Land | 210,684 | |
| Other capital assets net of accumulated depreciation | <u>4,599,362</u> | |
| | | 4,810,046 |

The net pension liability does not relate to current financial resources and is not reported in the governmental funds.

(57,519)

The Village's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") administered by the Wisconsin Department of Employee Trust Funds ("ETF") is reported on the statement of net position, but is not reported in the governmental funds.

(17,403)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.

| | | |
|---------------------------------------|------------------|---------|
| Deferred outflows related to pensions | 513,944 | |
| Deferred inflows related to pensions | <u>(310,744)</u> | |
| Deferred outflows related to OPEB | 13,623 | |
| Deferred inflows related to OPEB | <u>(24,349)</u> | 192,474 |

Certain receivables are not currently available and are reported as deferred revenue in the governmental funds but are recognized as revenue when earned in the government-wide statement.

165

Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term liabilities at year end consist of:

| | | |
|---------------------------|------------------|-------------|
| Notes and bonds payable | (4,204,896) | |
| Compensated absences | <u>(113,337)</u> | |
| Premium on long-term debt | <u>(16,472)</u> | (4,334,705) |

Accrued interest payable on debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(21,529)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 1,048,171

VILLAGE OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For Year Ended December 31, 2024

| | Major Fund - General Fund | Capital Projects TID #4 | TID #5 Fund | Aggregate Nonmajor Funds | Total Governmental Funds |
|--|---------------------------------|----------------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 840,080 | \$ 5,955 | \$ 80,985 | \$ 140,000 | \$ 1,067,020 |
| Special assessments | 5,789 | - | - | - | 5,789 |
| Intergovernmental | 491,505 | - | - | 23,014 | 514,519 |
| Licenses and permits | 28,980 | - | - | - | 28,980 |
| Fines and Forfeitures | 34,149 | - | - | - | 34,149 |
| Charges for services | 245,179 | - | - | 682 | 245,861 |
| Investment earnings | 32,108 | - | 443 | 3,953 | 36,504 |
| Miscellaneous | 131,641 | - | - | 1,115 | 132,756 |
| Total revenues | <u>1,809,431</u> | <u>5,955</u> | <u>81,428</u> | <u>168,764</u> | <u>2,065,578</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 365,196 | - | 1,911 | - | 367,107 |
| Public safety | 859,858 | - | - | - | 859,858 |
| Public works | 225,456 | - | - | - | 225,456 |
| Health and human services | 10,500 | - | - | - | 10,500 |
| Culture, recreation and education | 135,880 | - | - | 7,151 | 143,031 |
| Conservation and development | 2,325 | - | - | 2,059 | 4,384 |
| Capital outlay | <u>356,467</u> | <u>-</u> | <u>19,139</u> | <u>-</u> | <u>375,606</u> |
| Debt service: | | | | | |
| Principal | - | - | - | 153,489 | 153,489 |
| Interest | - | - | <u>70,149</u> | <u>23,597</u> | <u>93,746</u> |
| Total expenditures | <u>1,955,682</u> | <u>-</u> | <u>91,199</u> | <u>186,296</u> | <u>2,233,177</u> |
| Excess (deficiency) of revenues over (under) expenditures | (146,251) | 5,955 | (9,771) | (17,532) | (167,599) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in - tax equivalent | 79,811 | - | - | - | 79,811 |
| Transfers in | 20,793 | - | - | 68,756 | 89,549 |
| Transfers out | - | <u>(68,756)</u> | <u>-</u> | <u>(20,793)</u> | <u>(89,549)</u> |
| Total other financing sources (uses) | <u>100,604</u> | <u>(68,756)</u> | <u>-</u> | <u>47,963</u> | <u>79,811</u> |
| Net change in fund balances | (45,647) | (62,801) | (9,771) | 30,431 | (87,788) |
| Fund balances (deficits) - Beginning of year | 1,827,662 | (915,966) | (661,556) | 273,363 | 523,503 |
| Correction of error | <u>231,627</u> | <u>(78,161)</u> | <u>-</u> | <u>(112,539)</u> | <u>40,927</u> |
| Fund balances (deficits) - End of year | <u>\$ 2,013,642</u> | <u>\$ (1,056,928)</u> | <u>\$ (671,327)</u> | <u>\$ 191,255</u> | <u>\$ 476,642</u> |

See accompanying notes to financial statements

VILLAGE OF SHARON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For Year Ended December 31, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (87,788)

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 activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

| | |
|----------------------|----------------|
| Depreciation expense | (323,136) |
| Capital outlay | <u>367,546</u> |
| | 44,410 |

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

| | |
|---------------------|---------|
| Special assessments | (4,714) |
|---------------------|---------|

In the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

| | |
|-------------------|--------------|
| Change in pension | 14,292 |
| Change in OPEB | <u>1,601</u> |
| | 15,893 |

Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

| | |
|--------------------------------------|---------|
| Principal payments on long-term debt | 153,489 |
|--------------------------------------|---------|

Proceeds from issuance of long-term debt are a financing source in the governmental funds but are considered additions to long-term liabilities in the statement of net position.

| | |
|---------------------------|-------|
| Premium on long-term debt | 8,236 |
|---------------------------|-------|

Loans receivable repayments are reflected in loans receivable in the statement of activities, however these are reported as revenues in the funds since it is an available resource. This activity is detailed as follows:

| | |
|--|---------|
| Loans repaid - CDBG loan participants and sale of land | (2,423) |
|--|---------|

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

| | |
|---|-----------------|
| Changes in interest accrued on long-term debt | 4,364 |
| Changes in compensated absences | <u>(21,145)</u> |
| | <u>(16,781)</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 110,322

See accompanying notes to financial statements

**VILLAGE OF SHARON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024**

**Business-type
Activities -
Utility Enterprise
Fund**

ASSETS

Current Assets:

| | |
|------------------------------|------------|
| Cash and investments | \$ 207,455 |
| Customer accounts receivable | 74,971 |
| Due from other funds | 7,528 |
| Inventories | 11,734 |

Restricted Assets:

| | |
|----------------------|-----------|
| Cash and investments | 5,794,710 |
|----------------------|-----------|

Capital Assets:

| | |
|---|-------------------|
| Land and land rights | 17,857 |
| Construction in progress | 1,684,734 |
| Other capital assets, net of depreciation | 6,075,302 |
| TOTAL ASSETS | 13,874,291 |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|----------------|
| Deferred outflows related to pension | 122,046 |
| Deferred outflows related to OPEB | 3,235 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 125,281 |

LIABILITIES

Current liabilities:

| | |
|--|-----------|
| Accounts payable | 512,027 |
| Wages payable | 1,936 |
| Accrued interest payable | 137,830 |
| Due to other funds | 49,200 |
| Revenue bonds payable, due within one year | 1,275,114 |

Noncurrent liabilities:

| | |
|--|------------------|
| Revenue bonds payable, due in more than one year | 6,158,805 |
| Premium on long term debt | 27,669 |
| Net Pension Liability | 13,659 |
| Net OPEB Liability | 4,133 |
| TOTAL LIABILITIES | 8,180,373 |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|----------------|
| Sale of easement rights | 88,453 |
| Deferred inflows related to pension | 73,792 |
| Deferred inflows related to OPEB | 5,782 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 168,027 |

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 5,844,203 |
| Restricted | 294,481 |
| Unrestricted | (487,512) |
| TOTAL NET POSITION | \$ 5,651,172 |

See accompanying notes to financial statements

VILLAGE OF SHARON
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For Year Ended December 31, 2024

| | Business-type Activities - Utility Enterprise Fund |
|--|---|
| <u>OPERATING REVENUES</u> | |
| Water charges for service | \$ 386,676 |
| Sewer charges for service | 382,305 |
| TOTAL OPERATING REVENUES | 768,981 |
| <u>OPERATING EXPENSES</u> | |
| WATER: | |
| Operation and maintenance | 223,390 |
| Depreciation | 83,329 |
| Rents | 26,880 |
| TOTAL WATER OPERATING EXPENSES | 333,599 |
| SEWER: | |
| Operation and maintenance | 263,629 |
| Depreciation | 85,659 |
| TOTAL SEWER OPERATING EXPENSES | 349,288 |
| <u>OPERATING INCOME</u> | |
| Water | 53,077 |
| Sewer | 33,017 |
| OPERATING INCOME | 86,094 |
| <u>NONOPERATING INCOME (EXPENSES)</u> | |
| Insurance proceeds | 67,221 |
| Investment income (loss) | 29,801 |
| Premium on debt | 17,002 |
| Interest expense | (188,376) |
| Debt issuance costs | (45,380) |
| Pension earnings | 6,424 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (113,308) |
| INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | (27,214) |
| <u>TRANSFERS AND CAPITAL CONTRIBUTIONS</u> | |
| Transfers out - tax equivalent | (79,811) |
| TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS | (79,811) |
| CHANGE IN NET POSITION | (107,025) |
| NET POSITION - BEGINNING OF YEAR | 5,758,197 |
| NET POSITION - END OF YEAR | \$ 5,651,172 |

See accompanying notes to financial statements

**VILLAGE OF SHARON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Year Ended December 31, 2024**

| | Business - type Activities - Utility Enterprise Fund |
|---|---|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| Receipts from customers and users | \$ 760,425 |
| Payments to suppliers | (406,270) |
| Payments for interfund services provided | (74,343) |
| Payments to employees | (193,192) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 86,620 |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | |
| Tax equivalent paid to Village | (79,811) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (79,811) |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | |
| Acquisition and construction of capital assets | (453,185) |
| Proceeds received on long-term debt | 5,650,000 |
| Premium received on long-term debt | 25,877 |
| Principal paid on bonds | (43,992) |
| Interest paid on bonds | (63,842) |
| Amortization of easement sale | (18,696) |
| Debt issuance expense | (45,380) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | 5,050,782 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Investment income | 29,801 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 29,801 |
| NET CHANGE IN CASH AND INVESTMENTS | 5,087,392 |
| CASH AND INVESTMENTS - BEGINNING OF YEAR | 914,773 |
| CASH AND INVESTMENTS - END OF YEAR | \$ 6,002,165 |
| <u>NONCASH CAPITAL FINANCING ACTIVITIES</u> | |
| Capital assets acquisitions included in accounts payable | \$ 460,337 |

See accompanying notes to financial statements

VILLAGE OF SHARON
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For Year Ended December 31, 2024

| | Business-type Activities - Utility Enterprise Fund |
|--|---|
| <u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| | |
| Operating income | \$ 86,094 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 168,988 |
| Pension expense | 6,424 |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | (8,556) |
| (Increase) decrease related to pensions and OPEB | (6,424) |
| Increase (decrease) in accounts payable | (112,877) |
| Increase (decrease) in wages payable | 434 |
| Increase (decrease) in due to other funds | (47,463) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 86,620 |
| <u>RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUND</u> | |
| | |
| Cash and investments reported in current assets | \$ 207,455 |
| Cash and investments reported in restricted assets | 5,794,710 |
| TOTAL CASH AND INVESTMENTS | \$ 6,002,165 |

VILLAGE OF SHARON
STATEMENT OF NET POSITION
FIDUCIARY FUND
December 31, 2024

| | Tax Roll |
|--------------------------|-------------------------|
| ASSETS | |
| Cash and investments | \$ 345,092 |
| Taxes receivable | <u>1,032,873</u> |
| TOTAL ASSETS | <u>1,377,965</u> |
| LIABILITIES | |
| Due to other governments | <u>1,377,965</u> |
| TOTAL LIABILITIES | <u>1,377,965</u> |
| NET POSITION | \$ - |

VILLAGE OF SHARON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For Year Ended December 31, 2024

| | Tax Roll |
|---|-----------------|
| ADDITIONS | |
| Collections of property taxes | \$ 906,985 |
| DEDUCTIONS | |
| Distributions to other governmental units | <u>906,985</u> |
| NET POSITION - BEGINNING OF YEAR | <u>-</u> |
| NET POSITION - END OF YEAR | \$ - |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Sharon (the “Village”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below.

Reporting Entity

This report includes all of the funds of the Village of Sharon. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and are reported with similar funds of the primary government. This report does not contain any component units.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of financial statement presentation

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 properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

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 proprietary funds are reported as separate columns in the fund financial statements.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

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

Major Funds

The Village reports the following major governmental funds:

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

Capital Projects Fund – Capital projects funds are used to account for financial resources segregated for the acquisition and construction of major capital facilities. The Village reports the following capital projects fund:

TIF No. 4
TIF No.5

The Village reports the following major proprietary fund:

Water and Sewer Utility Enterprise Fund - accounts for the activities of operating the sewage treatment plant, sewage pumping stations, collections systems, and the water distribution system.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major Funds

The Village reports the following non-major governmental funds:

Special Revenue - Brigham Memorial Library
Special Revenue - Community Development Block Grant (CDBG)
Special Revenue - ARPA
Debt Service

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Additionally, the Village reports the following fund type:

Fiduciary Funds – Custodial funds are used to account for assets held by the Village in a purely custodial capacity. The Village’s custodial fund is used for recording assets collected for other taxing jurisdictions. Since by definition these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not included in the preparation of the government-wide statements. The Village reports the following custodial fund:

Tax Roll Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities and the financial statements of the proprietary and fiduciary funds 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 revenue. Grants and similar items are recognized as revenue when earned. 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 rule are charges between the Village’s enterprise funds 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 SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under 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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and restricted 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, inspections fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows are also reported when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. When both the revenue recognition criteria are met in subsequent periods or when the Village has a legal claim to the resources, the liability is removed from the balance sheet (decrease in deferred inflow) and the revenue is recognized.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

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

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. Operating expenses for proprietary funds include operations and maintenance expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the Village's financial statements in conformity with accounting principles generally accepted in the United States of Americas ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Cash and Investments

The Village has defined cash and equivalents to include cash on hand, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those measurements that GASB Statements require or permit in the statement of net position at the end of each reporting period.

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (continued)

Investment of Village funds is restricted by state statutes. Permitted Investments are as follows:

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

Receivables

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received. In the fund financial statements, material receivables in the governmental funds include revenue accrual such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred revenue in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. 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 districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other governments on the statement of net position. Property tax payments received prior to year-end are reflected in the agency fund.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (continued)

Details of the village's property calendar for the 2024 tax levy follows:

| | |
|-----------------------------------|------------------|
| Lien and levy dates | December 2024 |
| Real Estate collection due dates: | |
| First installment due | January 1, 2025 |
| Second installment due | January 31, 2025 |
| Final settlement with county | August 2025 |

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes collection. Therefore, management has determined that no allowance is considered necessary. 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 government-wide financial statements as internal balances. See Note 6 for additional information.

Inventories

Inventories of the Utility Enterprise Fund are generally used in the operation and maintenance of the Water Utility. The inventories are valued at cost using the first-in/first-out method (FIFO) method, which approximates market value. All other funds expense supplies as purchased.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Land Held for Resale

Land held for resale is recorded at the lower of historical cost or estimated resale value.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Cash and investments of the Village Utility Enterprise Fund have been restricted by either bond ordinance, board resolution or grant agreement for the following purposes:

Equipment replacement fund - Used to segregate funds for the purpose of replacing mechanical equipment of the wastewater treatment facility. This fund is a required condition for the acceptance of federal and state wastewater construction grants.

Future projects fund - Used to segregate funds designated for financing capital utility projects.

Bond debt service fund - Used to segregate funds for payment of bond principal and interest.

Utility Enterprise Fund restricted cash and investments balances at December 31, 2024 follows:

| | Water and Sewer Utility |
|---|--------------------------------|
| Waste Water Upgrades | \$ 5,533,607 |
| Future capital projects fund | 219,315 |
| Bond debt service fund | 41,788 |
| Total Utility Enterprise Fund Restricted Assets | <u><u>\$ 5,794,710</u></u> |

Capital Assets

Government-Wide Statements - Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$3,000 and an estimated useful life in excess of two years, except for certain assets of the Water and Sewer Utilities which may be capitalized at a lower cost. 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 fair value at the date of donation. The costs of maintenance and repairs that do not add to the value of the asset or extend the asset life are not capitalized. No interest was capitalized during the current year.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34 governmental units are required to account for all fixed assets including infrastructure in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. The Village has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

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

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

The range of estimated useful lives by type of asset is as follows:

| | <u>Years</u> |
|--------------------|--------------|
| Buildings | 50 |
| Land improvements | 20 - 30 |
| Vehicles | 3 - 15 |
| Office equipment | 10 |
| Computer equipment | 5 |

Fund Financial Statements - In the fund financial statements, fixed assets used in governmental funds are accounted for as capital outlay expenditures of the governmental fund upon acquisition and are not capitalized and related depreciation is not reported in the fund financial statements. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Utility User Rates

Water Utility user rates currently in place were approved by the Wisconsin Public Service Commission in December 18, 2023 and then subsequently in March 21, 2025. Sewer Utility rates currently in place were approved by the Village board on December 12, 2023.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Village employees earn vacation time in varying amounts. Employees are generally required to use their available vacation time by year end or forfeit it. Consequently, an amount for accumulated vacation time has not been recorded in the financial statements. Village employees earn sick leave in varying amounts. Certain employees are paid for their accumulated sick leave for up to 120 days upon termination prior to retirement. Also, certain employees may apply their accumulated sick leave of up to 120 days toward retiree health insurance premiums upon retirement. At December 31, 2024, the total vested sick leave benefits accrued was \$113,337.

The Village adopted GASB No. 101, *Compensated Absences*, in 2024. This implementation resulted in no material change to prior or existing reporting or disclosing of these amounts.

Deferred Outflows/Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources.

The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources related to property taxes, pensions, OPEB, utility tax equivalent and the sale of easement rights.

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 the debt and premiums on issuance are reported as other financing sources. Payments of principal and interest, losses on debt refunding, are reported as expenditures. Costs of issuance are reported as other financing uses.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Net Position and Fund Balances

Government-Wide Statements and Proprietary Fund Statements

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources

Restricted net position – Consists of net position with constraints placed on the 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.

Unrestricted net position – Consists of Net Position which are available for appropriation and expenditure in future periods and are neither classified as restricted or as net investment in capital assets.

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balances (continued)

Governmental Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village's fund balance classification policies and procedures are as follows:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

Restricted Fund Balance – includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Village Board, the Village's highest level of decision-making authority. This formal action is a Village board resolution.

Assigned Fund Balance – includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Village Board.

Unassigned Fund Balance – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

Currently, the Village does not have an official policy regarding the fund balance classifications.

The Village applies resources in the following order when expense is incurred for purposes for which multiple fund balances are available: restricted, committed, assigned, unassigned.

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SBITAs

The Village implemented GASB No. 96 Subscription Based IT Arrangements (SBITAs) on January 1, 2023. This statement requires recognition of certain cloud-based right-to-use (RTU) software implementation and subscription assets and associated lessee liabilities based upon the payment provisions of an applicable contract. It establishes a single model for IT subscription accounting based upon the foundational principle that software subscriptions are financings of the right to use an underlying asset. SBITAs where the maximum possible lease term is one year or less continue to be reported as operating subscriptions. Perpetual software licenses and SBITAs that transfer ownership and contain no cancellation provisions are reported as debt by the lessee and sale of an asset by the lessor. The Village currently reports no SBITAs.

Note 2 STEWARDSHIP AND ACCOUNTABILITY

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2024, TID 4, a capital project fund, and TID 5 held a deficit balances.

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 throughout 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. General capital projects 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 zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2024 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 3 CASH AND INVESTMENTS

The Village's cash and investments at December 31, 2024 consisted of the following:

| | |
|---------------------------|----------------------------|
| Demand deposits | \$ 688,590 |
| Time and savings deposits | 6,208,251 |
| Petty cash | 426 |
| Total | <u><u>\$ 6,897,267</u></u> |

The Village's cash and investments are reported in the financial statements as follows:

| | |
|---|----------------------------|
| Per Statement of Net Position | |
| Cash and investments | \$ 757,465 |
| Restricted cash and investments | 5,794,710 |
| Per Statement of Fiduciary Net Position | |
| Cash and investments | <u><u>345,092</u></u> |
| Total cash and investments | <u><u>\$ 6,897,267</u></u> |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts (interest-bearing and non interest bearing). Deposits in local banks are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$1,000,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relation to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual Village's.

The Village has adopted an investment policy which permits all investments allowed under the state statutes as described above.

The Village addresses the following risks related to its cash and investments:

Custodial Risk

Custodial risk is the risk that, in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village's carrying value for cash and investments was \$6,897,267 at December 31, 2024 and the bank's carrying value was \$6,940,811, of which \$2,175,949 was fully insured and \$4,764,862 was collateralized with securities pledged to the Village and held by the financial institution.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 3 CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of an investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government Securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Village's policy is that all investment transactions be planned to avoid loss of capital from credit risk.

Note 4 RECEIVABLES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report deferred inflows of resources in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and deferred inflows of resources reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---------------------|--------------------|---------------------|---------------------|
| Property taxes | \$ - | \$ 1,283,534 | \$ 1,283,534 |
| Special assessments | 2,020 | - | 2,020 |
| Loans Receivable | - | 150,206 | 150,206 |
| | <u>\$ 2,020</u> | <u>\$ 1,433,740</u> | <u>\$ 1,435,760</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

| | <u>Balance</u> <u>Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/2024</u> |
|--|------------------------------------|------------------|------------------|-------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 210,684 | \$ - | \$ - | \$ 210,684 |
| Total capital assets not being depreciated | <u>210,684</u> | <u>-</u> | <u>-</u> | <u>210,684</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,535,214 | 124,025 | - | 1,659,239 |
| Vehicles | 1,110,978 | 16,469 | - | 1,127,447 |
| Machinery, equipment, and furnishings | 524,572 | 127,237 | (44,576) | 607,233 |
| Infrastructure | 4,456,080 | 99,814 | - | 4,555,894 |
| Total capital assets being depreciated | <u>7,626,844</u> | <u>367,545</u> | <u>(44,576)</u> | <u>7,949,813</u> |
| Less - Accumulated depreciation | <u>(3,071,890)</u> | <u>(323,137)</u> | <u>44,576</u> | <u>(3,350,451)</u> |
| Net capital assets being depreciated | <u>\$ 4,554,954</u> | <u>\$ 44,408</u> | <u>\$ -</u> | <u>\$ 4,599,362</u> |

Depreciation expense was charged to function as follows:

| | |
|---|-------------------|
| General Government | \$ 12,127 |
| Public Safety | 58,575 |
| Public works (including depreciation of infrastructure) | 239,847 |
| Culture, recreation and education | 12,588 |
| Total governmental activities depreciation expense | <u>\$ 323,137</u> |

The Village has elected to report infrastructure of its governmental activities prospectively. Consequently, non-utility infrastructure acquired prior to 2004 is not included in the financial statements.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity in the business type activities for the year ended December 31, 2024 was as follows:

| | <u>Balance Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Water Utility | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,642 | \$ - | \$ - | \$ 1,642 |
| Total capital assets not being depreciated | <u>1,642</u> | <u>-</u> | <u>-</u> | <u>1,642</u> |
| Capital assets being depreciated | | | | |
| Source of supply | 237,201 | - | - | 237,201 |
| Pumping | 459,476 | - | - | 459,476 |
| Treatment | 10,386 | - | - | 10,386 |
| Transmission and distribution | 3,576,568 | - | (9,218) | 3,567,350 |
| General Capital Assets | 101,597 | 16,468 | - | 118,065 |
| Total capital assets being depreciated | <u>4,385,228</u> | <u>16,468</u> | <u>(9,218)</u> | <u>4,392,478</u> |
| Less: accumulated depreciation | (1,748,550) | (83,329) | 9,218 | (1,822,661) |
| Net capital assets being depreciated | <u>\$ 2,636,678</u> | <u>\$ (66,861)</u> | <u>\$ -</u> | <u>\$ 2,569,817</u> |
| Sewer Utility | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in process | \$ 1,438,484 | \$ 246,250 | \$ - | \$ 1,684,734 |
| Land | <u>16,215</u> | <u>-</u> | <u>-</u> | <u>16,215</u> |
| Total capital assets not being depreciated | <u>1,454,699</u> | <u>246,250</u> | <u>-</u> | <u>1,700,949</u> |
| Capital assets being depreciated | | | | |
| Collection system | 3,071,913 | 731,671 | - | 3,803,584 |
| Collection system pumping | 227,147 | - | - | 227,147 |
| Transmission and disposal | 1,902,150 | - | - | 1,902,150 |
| General capital assets | 147,610 | 16,469 | - | 164,079 |
| Total capital assets being depreciated | <u>5,348,820</u> | <u>748,140</u> | <u>-</u> | <u>6,096,960</u> |
| Less: accumulated depreciation | (2,505,816) | (85,659) | - | (2,591,475) |
| Net capital assets being depreciated | <u>\$ 2,843,004</u> | <u>\$ 662,481</u> | <u>\$ -</u> | <u>\$ 3,505,485</u> |
| Total business type activities net capital assets | <u>\$ 5,479,682</u> | <u>\$ 595,620</u> | <u>\$ -</u> | <u>\$ 6,075,302</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

| | |
|---|-------------------|
| Water | \$ 83,329 |
| Sewer | 85,659 |
| Total business-type activities depreciation expense | <u>\$ 168,988</u> |

Depreciation expense may differ from business-type activity accumulated depreciation additions due to joint metering costs, salvage and costs associated with disposal of assets.

Note 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a schedule of short-term interfund receivables and payables at December 31, 2024:

| | Interfund due from other funds | Interfund due to other funds |
|--------------------|---|---|
| General Fund | \$ - | \$ 93,165 |
| Debt Service | 85,531 | - |
| CDBG | 106 | - |
| TIF 5 | 49,200 | - |
| Utility Enterprise | 7,528 | 49,200 |
| | <u>\$ 142,365</u> | <u>\$ 142,365</u> |

The following is a schedule of long-term interfund advances at December 31, 2024:

| | Advances to other funds | Advances from other funds |
|--------------|------------------------------------|--------------------------------------|
| General Fund | \$ 1,847,422 | \$ - |
| TIF 4 | 441,540 | 1,498,469 |
| TIF 5 | - | 790,493 |
| | <u>\$ 2,288,962</u> | <u>\$ 2,288,962</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The following is a schedule of transfers from other funds and to other funds at December 31, 2024:

| | Transfers from other funds | Transfers to other funds |
|--------------------|---------------------------------------|-------------------------------------|
| General Fund | \$ 100,604 | \$ - |
| TIF 4 | - | 68,756 |
| ARPA | - | 20,793 |
| Debt Service | 68,756 | - |
| Utility Enterprise | - | 79,811 |
| | <hr/> <u>169,360</u> | <hr/> <u>169,360</u> |

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenses occur; transactions are recorded in the accounting system; and payments between funds are made. The balances between the general fund and TIF No. 4 capital projects fund is due to an advance.

Note 7 LONG-TERM OBLIGATIONS

Principal and interest payments are categorized as debt service. Changes in long-term obligations are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|------------------------------|------------------------|----------------------|---------------------------|--|
| Governmental activities: | | | | | |
| General obligation debt | \$ 893,591 | \$ - | \$ 153,489 | \$ 740,102 | \$ 154,277 |
| Interim financing | 3,615,000 | - | - | 3,615,000 | - |
| Compensated absences | 92,192 | 21,145 | - | 113,337 | - |
| Total governmental activities | <hr/> <u>4,600,783</u> | <hr/> <u>21,145</u> | <hr/> <u>153,489</u> | <hr/> <u>4,468,439</u> | <hr/> <u>154,277</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 1,827,912 | \$ 5,650,000 | \$ 43,993 | \$ 7,433,919 | \$ 1,275,114 |
| Total business-type obligations | <hr/> <u>1,827,912</u> | <hr/> <u>5,650,000</u> | <hr/> <u>43,993</u> | <hr/> <u>7,433,919</u> | <hr/> <u>1,275,114</u> |
| Total long-term obligations | <hr/> <u>6,428,695</u> | <hr/> <u>5,671,145</u> | <hr/> <u>197,482</u> | <hr/> <u>11,902,358</u> | <hr/> <u>1,429,391</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 7 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt

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

General obligation and interim financing debt of the Village currently outstanding is as follows:

| Governmental Activities | Date of Issue | Final Maturity | Interest Rates | Original Principal | Balance 12/31/2024 |
|---|----------------------|-----------------------|-----------------------|---------------------------|---------------------------|
| 2011 G.O. storm water notes | 8/21/2011 | 5/1/2031 | 2.60% | \$ 689,129 | \$ 302,344 |
| 2020 G.O. state trust fund loan | 6/1/2020 | 3/15/2030 | 2.75% | 263,824 | 165,844 |
| 2020 G.O. state trust fund loan | 6/1/2020 | 3/15/2030 | 2.75% | 662,809 | 271,914 |
| 2021 TAN | | 11/1/2026 | 1.85% | 1,435,000 | 1,435,000 |
| 2021 BAN | 11/1/2021 | 11/1/2026 | 3.20% | 2,180,000 | 2,180,000 |
| Total governmental activities debt | | | | | \$ 4,355,102 |

The annual debt service requirements to maturity for general obligation long-term debt as of December 31, 2024, are as follows

| Year Ending December 31 | Governmental Activities | | | |
|------------------------------------|--------------------------------|------------------|--------------------------|-------------------|
| | General Obligation Debt | | Interim Financing | |
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 154,277 | 19,382 | \$ - | \$ 70,147 |
| 2026 | 159,859 | 15,185 | 3,615,000 | 70,147 |
| 2027 | 160,299 | 10,539 | - | - |
| 2028 | 71,122 | 6,483 | - | - |
| 2029 | 73,016 | 4,571 | - | - |
| 2030 - 2034 | 121,529 | 3,220 | - | - |
| | \$ 740,102 | \$ 59,380 | \$ 3,615,000 | \$ 140,294 |

Revenue Bonds

Revenue bonds are pledged by the assets and revenues of the issuing Utility. The Village's full faith and credit do not back these revenue bonds.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 7 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue bond debt outstanding at December 31, 2024 is as follows:

| Revenue Bonds | Date of Issue | Final Maturity | Interest Rates | Original Principal | Balance 12/31/2024 |
|---|----------------------|-----------------------|-----------------------|---------------------------|---------------------------|
| Business-type Activities | | | | | |
| 2014 clean water fund bonds | 12/12/2014 | 5/1/2034 | 2.625% | 512,254 | \$ 301,540 |
| 2017 clean water fund bonds | 4/26/2017 | 5/1/2036 | 2.443% | 369,165 | 252,379 |
| 2022 Utility revenue bonds | 4/12/2022 | 4/1/2025 | 4.000% | 1,230,000 | 1,230,000 |
| 2024 Revenue bond anticipation notes | 7/23/2024 | 12/1/2026 | 5.000% | 5,650,000 | 5,650,000 |
| Total revenue bonds - business-type activities | | | | | \$ 7,433,919 |

Debt service requirements to maturity for revenue bond debt as of December 31, 2024 as follows:

| Year Ending December 31 | Business-type Activities | |
|------------------------------------|---------------------------------|-------------------|
| | Revenue Bonds | |
| | Principal | Interest |
| 2025 | \$ 1,275,114 | \$ 417,975 |
| 2026 | 5,696,265 | 294,840 |
| 2027 | 47,445 | 11,145 |
| 2028 | 48,656 | 9,919 |
| 2029 | 49,897 | 8,662 |
| 2030-2034 | 269,244 | 23,292 |
| 2035-2036 | 47,298 | 1,162 |
| | \$ 7,433,919 | \$ 766,995 |

Margin of Indebtedness

The Wisconsin Statutes restrict the Village's general obligation debt to 5% of the equalized value of all property in the Village. This amount is compared below with the outstanding debt on December 31, 2024.

| | |
|--------------------------------|---------------------|
| Debt Limit (5% of 119,311,100) | \$ 5,965,555 |
| Deduct general obligation debt | (740,102) |
| Margin of indebtedness | \$ 5,225,453 |

The Village has met its debt limit requirements and complied with SEC requirements during the year ended December 31, 2024.

**VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024**

Note 8 NET POSITION AND FUND BALANCES

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position at December 31, 2024 consists of the following:

| | | |
|---|---------------------|-------------|
| Net Investment in Capital Assets | | |
| Land | \$ 210,684 | |
| Other capital assets, net of accumulated depreciation | 4,599,362 | |
| Less: related long-term debt and related premium | (4,371,574) | |
| Add: debt-financed capital contributed to the utilities | <u>1,959</u> | |
| | | \$ 440,431 |
| Restricted | | |
| Prepaid expenses | 2,303,916 | |
| Brigham Memorial Library | 28,683 | |
| Debt Service | 85,531 | |
| Community Development Block Grant | <u>77,041</u> | |
| | | 2,495,171 |
| Unrestricted | | (1,887,431) |
| Total Governmental Activities Net Position | \$ <u>1,048,171</u> | |

Business-type Activities

Business-type net position at December 31, 2024 consists of the following:

| | |
|---|--------------------|
| Net Investment in Capital Assets | |
| Land and Construction work in progress | \$ 1,702,591 |
| Other capital assets, net of accumulated depreciation | 6,075,302 |
| Less: related long-term debt and premium | <u>(1,933,690)</u> |
| | \$ 5,844,203 |
| Restricted | |
| Debt service and plant replacement | 5,794,710 |
| Less: unspent bond proceeds | <u>(5,500,229)</u> |
| | 294,481 |
| Unrestricted | <u>(487,512)</u> |
| Total Business-type Activities Net Position | \$ 5,651,172 |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 8 NET POSITION AND FUND BALANCES (CONTINUED)

Governmental Fund Financial Statements

Governmental fund balances (deficit) consist of the following:

Nonspendable

| | |
|-------------------------------|------------------|
| Prepaid Expenses | \$ 14,954 |
| Advances due from other funds | <u>2,288,962</u> |
| | \$ 2,303,916 |

Restricted

| | |
|-----------------------------------|---------------|
| Brigham Memorial Library | 28,683 |
| Community Development Block Grant | 77,041 |
| Debt Service Fund | <u>85,531</u> |
| | 191,255 |

Unassigned (deficit):

| | |
|-----------------------------------|------------------|
| General Fund | 151,266 |
| TIF No. 4 - Capital Projects Fund | (1,498,468) |
| TIF No. 5 | <u>(671,327)</u> |
| | (2,018,529) |
| | \$ 476,642 |

Note 9 EMPLOYEE RETIREMENT PLANS

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 <http://etf.ei.gov/publications/cafr.htm>.

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS

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

Final average earnings is the average of the participant's three highest annual earnings periods. 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 or after 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.

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 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.

During the reporting period, the WRS recognized \$60,972 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

| | Employee | Employer |
|---|----------|----------|
| General (including teachers, executives, and elected officials) | 6.80% | 6.80% |
| Protective with Social Security | 6.80% | 13.20% |
| Protective without Social Security | 6.80% | 18.10% |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Pension Liabilities (asset), Pension Expense (revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Village reported a liability (asset) of \$71,178 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, 2024, the Village's proportion was 0.0047874%, which was an decrease of 0.000024% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the Village of Sharon recognized pension expense (revenue) of \$47,581.

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

| | Deferred Outflow of Resources | Deferred Inflows of Resources |
|---|----------------------------------|----------------------------------|
| Cost-Sharing Multiple-Employer Pension Plan: | | |
| Differences between expected and actual experience | \$ 286,992 | \$ 380,123 |
| Changes in assumptions | 31,024 | - |
| Net differences between projected and actual earnings on pension plan investments | 248,047 | - |
| Changes in proportionate and difference between employer contributions and proportionate share of contributions | 1,239 | 4,413 |
| Employer contributions subsequent to the measurement date | <u>68,688</u> | - |
| Total - costing-sharing multiple-employer pension plan | <u>\$ 635,990</u> | <u>\$ 384,536</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

The amount of \$68,688 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the year ended December 31, 2024.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense for the measurement period ended as follows:

| Year ended December 31: | Deferred Outflow of Resources | Deferred Inflow of Resources |
|-------------------------------|----------------------------------|---------------------------------|
| 2025 | \$ 228,122 | \$ 169,386 |
| 2026 | 185,700 | 134,370 |
| 2027 | 147,710 | 56,608 |
| 2028 | 5,770 | 24,174 |
| 2029 | - | - |
| Thereafter | - | - |

Actuarial assumptions - The Total Pension Liability in the December 31, 2023, 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: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |
| Post-retirement Adjustments* | 1.7% |

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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, 2021 actuarial valuation.

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

| Core Fund Asset Class | Current Asset Allocation | Long-Term | |
|--------------------------------------|--------------------------|---------------------------------|--|
| | | Expected Nominal Rate of Return | Long-Term Expected Real Rate of Return |
| Public Equity | 40.0% | 7.3% | 4.5% |
| Public Fixed Income | 27.0% | 5.8% | 3.0% |
| Inflation Sensitive | 19.0% | 4.4% | 1.7% |
| Real Estate | 8.0% | 5.8% | 3.0% |
| Private Equity/Debt | 18.0% | 9.6% | 6.7% |
| Leverage | <u>-12.0%</u> | 3.7% | 1.0% |
| Total Core Fund | <u><u>100.0%</u></u> | 7.4% | 4.6% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70.0% | 6.8% | 4.0% |
| International Equities | <u>30.0%</u> | 7.6% | 4.8% |
| Total Variable Fund | <u><u>100.0%</u></u> | 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 up to 20%.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Single Discount rate - A single discount rate of 6.80% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% 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 6.80% 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 percent, as well as what the Village's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.80 percent) or 1-percentage point higher (7.80 percent) than the current rate:

| | 1% Decrease to Discount Rate (5.8%) | Current Discount Rate (6.8%) | 1% Increase to Discount Rate (7.8%) |
|--|---|------------------------------------|---|
| District's proportionate share of the net pension liability (asset) | \$ 687,978 | \$ 71,178 | \$ (360,421) |

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/financialreports-and-statements>

Payable to the pension plan - At December 31, 2024 the Village reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2024.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 10 OTHER POST-EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (“LRLIF”)

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

OPEB Plan Fiduciary Net Position - 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>.

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

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

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

Contribution rates as of December 31, 2023 are:

| <u>Coverage type</u> | <u>Employer contributions</u> |
|------------------------------|-------------------------------|
| 50% post-retirement coverage | 40% of employee contribution |
| 25% post-retirement coverage | 20% of employee contribution |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 10 OTHER POST-EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (“LRLIF”) (CONTINUED)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2023 are as listed below:

Life Insurance
Employee Contribution Rates
For the Year Ended December 31, 2023

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

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

During the reporting period, the LRLIF recognized \$95 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At December 31, 2024, the Village reported a liability (asset) of \$21,536 for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2023 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 OPEB Liability (Asset) was based on the Village’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the Village’s proportion was 0.00468100%, which was a decrease of 0.002717% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Village recognized OPEB expense (income) of (\$1,163).

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 10 OTHER POST-EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (“LRLIF”) (CONTINUED)

At December 31, 2024, the Village’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflow of Resources | Deferred Inflows of Resources |
|--|-------------------------------------|----------------------------------|
| Changes in assumptions | \$ 6,736 | \$ 8,481 |
| Differences between expected and actual experience | - | 1,906 |
| Net differences between projected and actual earnings on OPEB plan investments | 291 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 9,736 | 19,744 |
| Employer contributions subsequent to the measurement date | 95 | - |
| Total | \$ 16,858 | \$ 30,131 |

The amount of \$95 reported as deferred outflows related to OPEB resulting from the LRLIF Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended | | Deferred Outflow of Resources | Deferred Inflow of Resources |
|------------|----------|----------------------------------|---------------------------------|
| December | 31: | | |
| 2025 | \$ 4,911 | \$ 7,825 | |
| 2026 | 4,770 | 6,108 | |
| 2027 | 3,777 | 4,999 | |
| 2028 | 2,581 | 4,838 | |
| 2029 | 389 | 4,576 | |
| Thereafter | 335 | 1,785 | |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 10 OTHER POST-EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (“LRLIF”) (CONTINUED)

Actuarial assumptions - The Total OPEB Liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Actuarial Valuation Date: | January 1, 2023 |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2023 |
| Experience Study: | January 1, 2018 - December 31, 2020 Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield | 3.26% |
| Long-Term Expected Rate of Return | 4.25% |
| Discount Rate | 3.32% |
| Salary Increases: | |
| Wage Inflation | 3.0% |
| Seniority/Merit | 0.1%-5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 10 OTHER POST-EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (“LRLIF”) (CONTINUED)

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-----------------------------------|-----------------------------|-------------------|--|
| U.S. Intermediate Credit Bonds | Bloomberg US Interim Credit | 40.00% | 2.32% |
| U.S. Mortgages | Bloomberg US MBS | 60.00% | 2.52% |
| Inflation | | | 2.30% |
| Long-term expected rate of return | | | 4.25% |

Single Discount rate - A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the Village’s proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate - The following presents the Village’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.32 percent, as well as what the Village’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

| | 1% Decrease to Discount Rate (2.32%) | Current Discount Rate (3.32%) | 1% Increase to Discount Rate (4.32%) |
|---|--|-------------------------------------|--|
| District's proportionate share of the net OPEB liability (asset) | \$ <u>28,936</u> | \$ <u>21,536</u> | \$ <u>15,887</u> |

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 11 TAX INCREMENTAL DISTRICT

The Village established its Tax Incremental Financing (TIF) District numbers 4 and 5 pursuant to a law enacted to provide a process by which local units of government could finance public works or improvements in blighted areas from taxes levied by county, village, schools and other local jurisdictions based on the increase in property values within a designated geographic area. When a tax incremental district is established, the state determines the aggregate value of taxable property located within the district (the base value). Taxes derived from levies by all local jurisdictions on property values exceeding the base value determined by the state are allocated to the Village for financing improvements within the district. Tax increments generated within the combined districts will be allocated to the Village until project costs for the district are recovered by the Village. These costs have been financed by proceeds from general obligation notes and advances from the Village.

Wisconsin statutes require the filing of annual reports (PE-300 form) electronically with the Wisconsin Department of Revenue each year by July 1. The statutes further require a joint review board meeting with representatives of the underlying taxing authorities at which the PE300 form is reviewed and those officials are informed of the performance of the TIF district. These reports are available online at <https://ww2.revenue.wi.gov/VaultPublic/publish/tidar/report.html>.

Note 12 JOINT VENTURES

The Village is a member of a Paramedic/Firefighter Service organization contracted through Superior Air-Ground Ambulance Service of Wisconsin. The organization is supported by local municipalities for the purpose of sharing costs to provide fire and emergency medical services to their citizens. The Village of Darien acts as fiscal agent for the organization. Each party pays a share of the costs determined by a formula based on the population, equalized valuation and usage of each party. The Village of Sharon is responsible for approximately 8.20% of the costs. For December 31, 2024, the Village expended \$112,205 as support for the venture.

Note 13 SUBSEQUENT EVENTS

On March 31, 2025, the Village issued short-term Note Anticipation Notes, Series, 2025A, in the amount of \$1,650,000 at 4.57% interest, set to mature March 31, 2026. The proceeds of these funds is to pay off the Combined Utility System Revenue Bond Anticipation Notes, Series 2022A, \$1,230,000 and provide an additional \$420,000 to finance final construction costs in TID #5.

Additionally, the Village board approved sale of land held for resale in the amount of \$110,000 in May 2025. The proceeds from this sale are assigned to finance the future replacement of roofs on the Village Hall.

VILLAGE OF SHARON
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 14 EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS

The Government 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.

Note 15 RESTATEMENTS ON GOVERNMENTAL FUND BALANCE

A restatement for correction of error was made to record beginning balance for General Fund and TID #4 transfers and Debt Service Fund in 2024. The net effect of these changes in fund balance for the governmental funds is as follows:

| | Statement of Activities - Governmental Activities | Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - General Fund |
|--|--|---|
| Beginning fund balance, as originally stated | \$ 896,922 | \$ 1,827,662 |
| 1.) Reimbursed excess General Fund transfers in prior years | - | 112,539 |
| 2.) To recognize 2023 debt payment related to TID #4 | - | 78,161 |
| 3.) To adjust accounts payable for adjusting journal entries from a prior year | (23,792) | (23,792) |
| 4.) To remove deferred revenue not properly recognized in a prior year | \$ 64,719 | \$ 64,719 |
| Beginning fund balance, as restated | <u>937,849</u> | <u>2,059,289</u> |

| | Statement of Revenues, Expenditures and Changes in Fund Balances - TID #4 | Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor - Debt Service Fund |
|---|--|--|
| Beginning fund balance, as originally stated | \$ (915,966) | \$ 166,400 |
| 1.) Reimbursed excess General Fund transfers in prior years | - | (112,539) |
| 2.) To recognize 2023 debt payment related to TID #4 | <u>(78,161)</u> | <u>-</u> |
| Beginning fund balance, as restated | <u>(994,127)</u> | <u>53,861</u> |

**VILLAGE OF SHARON
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024**

VILLAGE OF SHARON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For Year Ended December 31, 2024

| | Budgeted Amounts | | Actual Amounts - Budgetary Basis (Note 2) | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|--|---|
| | Original | Final | | |
| | | | | |
| REVENUES | | | | |
| Taxes and special assessments | \$ 970,069 | \$ 970,069 | \$ 845,869 | \$ (124,200) |
| Intergovernmental | 420,414 | 420,414 | 491,505 | 71,091 |
| Licenses and permits | 20,313 | 20,313 | 28,980 | 8,667 |
| Fines, forfeitures and penalties | 44,100 | 44,100 | 34,149 | (9,951) |
| Public charges for services | 210,364 | 210,364 | 245,179 | 34,815 |
| Investment earnings | - | - | 32,108 | 32,108 |
| Miscellaneous | 34,343 | 34,343 | 131,641 | 97,298 |
| Total revenues | 1,699,603 | 1,699,603 | 1,809,431 | 109,828 |
| EXPENDITURES | | | | |
| General government | 393,378 | 393,378 | 365,196 | 28,182 |
| Public safety | 825,290 | 825,290 | 859,858 | (34,568) |
| Public works | 241,831 | 241,831 | 225,456 | 16,375 |
| Health and human services | 5,500 | 5,500 | 10,500 | (5,000) |
| Culture, recreation and education | 120,515 | 120,515 | 135,880 | (15,365) |
| Conservation and development | 8,000 | 8,000 | 2,325 | 5,675 |
| Capital outlay | - | - | 356,467 | (356,467) |
| Debt service - principal and interest | 177,089 | 177,089 | - | 177,089 |
| Total expenditures | 1,771,603 | 1,771,603 | 1,955,682 | (184,079) |
| Excess (deficiency) of revenues over (under) expenditures | (72,000) | (72,000) | (146,251) | (74,251) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in (out) | 72,000 | 72,000 | 100,604 | 28,604 |
| Total other financing sources | 72,000 | 72,000 | 100,604 | 28,604 |
| Net change in fund balances | - | - | (45,647) | (45,647) |
| Fund balances - Beginning of year | 1,827,662 | 1,827,662 | 1,827,662 | - |
| Error Correction | - | - | 231,627 | - |
| Fund balances - End of year | \$ 1,827,662 | \$ 1,827,662 | \$ 2,013,642 | \$ (45,647) |

See accompanying notes to required supplementary information.

VILLAGE OF SHARON
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
December 31, 2024

Note 1 BUDGETARY INFORMATION

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

The Village adopts budgets for the General Fund. The budget is adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual function level for each fund.

The budget amounts presented include any amendments made 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.

Note 2 BUDGETARY INFORMATION

The Village had the following expenditures in excess of appropriations as presented in the “Budgetary Comparison Schedule – General Fund”.

| | |
|-----------------------------------|-----------|
| Public safety | \$ 34,568 |
| Health and human services | 5,000 |
| Culture, recreation and education | 15,365 |
| Capital outlay | 356,467 |

The excess expenditures were absorbed by available fund balances.

VILLAGE OF SHARON
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2024

**SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY (ASSET) COST-SHARING MULTIPLE EMPLOYER PENSION PLAN**

Last 10 Fiscal Years

| WRS Fiscal year-end | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered payroll | Proportionate share of the net pension liability (asset) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability (asset) |
|------------------------|--|---|--------------------|--|--|
| 12/31/2023 | 0.0047874% | \$ 71,178 | \$ 604,531 | 11.77% | 98.85% |
| 12/31/2022 | 0.0048113% | 254,886 | 641,105 | 39.76% | 95.72% |
| 12/31/2021 | 0.0046155% | (372,019) | 612,692 | -60.72% | 106.02% |
| 12/31/2020 | 0.0046947% | (293,099) | 587,006 | -49.93% | 105.26% |
| 12/31/2019 | 0.0048394% | (156,044) | 556,253 | -28.05% | 102.96% |
| 12/31/2018 | 0.0051732% | 182,058 | 605,868 | 30.05% | 96.45% |
| 12/31/2017 | 0.0051201% | (152,020) | 595,650 | -25.52% | 102.93% |
| 12/31/2016 | 0.0051124% | 42,138 | 628,445 | 6.71% | 99.12% |
| 12/31/2015 | 0.0050891% | 82,696 | 606,941 | 13.63% | 98.20% |
| 12/31/2014 | 0.0051217% | (125,937) | 588,990 | -21.38% | 102.74% |

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**

Last 10 Fiscal Years

| Fiscal year-end | Contractually required contributions | Contributions in relation to the contractually required contributions | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|--------------------|--|---|--|--------------------|---|
| 12/31/2024 | \$ 68,688 | \$ 68,688 | \$ - | \$ 643,619 | 10.67% |
| 12/31/2023 | 60,972 | 60,972 | - | 604,531 | 10.09% |
| 12/31/2022 | 58,774 | 58,774 | - | 641,105 | 9.17% |
| 12/31/2021 | 55,778 | 55,778 | - | 612,692 | 9.10% |
| 12/31/2020 | 52,395 | 52,395 | - | 587,006 | 8.93% |
| 12/31/2019 | 46,002 | 46,002 | - | 556,253 | 8.27% |
| 12/31/2018 | 52,104 | 52,104 | - | 605,868 | 8.60% |
| 12/31/2017 | 51,360 | 51,360 | - | 595,650 | 8.62% |
| 12/31/2016 | 49,746 | 49,746 | - | 628,445 | 7.92% |
| 12/31/2015 | 48,911 | 48,911 | - | 606,941 | 8.06% |

VILLAGE OF SHARON
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2024

**SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF NET OPEB
LIABILITY (ASSET) - LOCAL RETIREE LIFE INSURANCE FUND**

Last 10 Fiscal Years

| LRLIF Fiscal <u>year-end</u> | Proportion of the net OPEB liability <u>(asset)</u> | Proportionate share of the net OPEB liability <u>(asset)</u> | Covered payroll | Proportionate share of the net OPEB liability (asset) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability (asset) |
|---------------------------------|--|--|--------------------|---|---|
| 12/31/2023 | 0.0046810% | \$ 21,536 | \$ 425,000 | 5.07% | 33.90% |
| 12/31/2022 | 0.0073980% | 28,185 | 411,000 | 6.86% | 38.81% |
| 12/31/2021 | 0.0088260% | 52,165 | 464,000 | 11.24% | 106.02% |
| 12/31/2020 | 0.0049820% | 27,405 | 496,000 | 5.53% | 105.26% |
| 12/31/2019 | 0.0041600% | 17,714 | 482,000 | 3.68% | 102.96% |
| 12/31/2018 | 0.0061790% | 15,944 | 373,000 | 4.27% | 96.45% |
| 12/31/2017 | 0.0098350% | 29,589 | 413,590 | 7.15% | 102.93% |

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND**

Last 10 Fiscal Years

| Fiscal <u>year-end</u> | Contractually required <u>contributions</u> | Contributions in relation to the contractually required <u>contributions</u> | Contribution deficiency <u>(excess)</u> | Covered payroll | Contributions as a percentage of covered payroll |
|---------------------------|---|--|---|--------------------|---|
| 12/31/2024 | \$ 95 | \$ 95 | - | \$ 349,000 | 0.03% |
| 12/31/2023 | 148 | 148 | - | 425,000 | 0.03% |
| 12/31/2022 | 180 | 180 | - | 411,000 | 0.04% |
| 12/31/2021 | 99 | 99 | - | 464,000 | 0.02% |
| 12/31/2020 | 75 | 75 | - | 496,000 | 0.02% |
| 12/31/2019 | 119 | 119 | - | 482,000 | 0.02% |
| 12/31/2018 | 186 | 186 | - | 373,000 | 0.05% |

VILLAGE OF SHARON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET), NET
OPEB LIABILITY (ASSET) AND CONTRIBUTIONS
December 31, 2024

**Note 1 DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS
RELATED TO WRS**

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

Changes of assumptions:

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

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

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

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

**Note 2 DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS
RELATED TO LRIF OPEB LIABILITIES (ASSETS)**

Benefit Terms: There were no recent changes in benefit terms.

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

VILLAGE OF SHARON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET), NET
OPEB LIABILITY (ASSET) AND CONTRIBUTIONS
December 31, 2024

**Note 2 DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS
RELATED TO LRIF OPEB LIABILITIES (ASSETS) (CONTINUED)**

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

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

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

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

VILLAGE OF SHARON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET), NET
OPEB LIABILITY (ASSET) AND CONTRIBUTIONS
December 31, 2024

Note 3 SIGNIFICANT METHODS AND ASSUMPTIONS

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---------------------------------------|--|---|---|---|---|
| Valuation Date: | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | | |
| Net Investment Rate of Return | 5.4% | 5.4% | 5.4% | 5.4% | 5.5% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 6.8% | 7.0% | 7.0% | 7.0% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.0% | 3.0% | 3.0% | 3.0% | 3.2% |
| Seniority/Merit: | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 1.7% | 1.9% | 1.9% | 1.9% | 2.1% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. |
| Mortality: | 2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010. | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

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

VILLAGE OF SHARON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET), NET
OPEB LIABILITY (ASSET) AND CONTRIBUTIONS
December 31, 2024

Note 3 SIGNIFICANT METHODS AND ASSUMPTIONS (CONTINUED)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------------------------|---|---|--|--|--|--|
| Valuation Date: | December 31, 2016 | December 31, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 | December 31, 2011 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | | | |
| Net Investment Rate of Return | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Weighted based on assumed rate for: | | | | | | |
| Pre-retirement: | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | | |
| Wage Inflation: | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2012-2014. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008. |
| Mortality: | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table -2005 for men. |

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

SUPPLEMENTARY INFORMATION

VILLAGE OF SHARON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2024

| | Special Revenue | | | | Total Non-major Funds |
|---|---|--|-------------------------|-----------------------|--------------------------------------|
| | Brigham Memorial Library | Community Development Block Grant | Debt Service | | |
| ASSETS | | | | | |
| Cash and investments | \$ 28,683 | \$ 76,935 | \$ - | \$ 105,618 | |
| Tax receivable | - | - | 140,000 | 140,000 | |
| Loan receivable | - | 150,206 | - | 150,206 | |
| Due from other funds | <u>-</u> | <u>106</u> | <u>85,531</u> | <u>85,637</u> | |
| Total assets | <u>28,683</u> | <u>227,247</u> | <u>225,531</u> | <u>481,461</u> | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | - | - | 140,000 | 140,000 | |
| Deferred revenue | <u>-</u> | <u>150,206</u> | <u>-</u> | <u>150,206</u> | |
| Total liabilities | <u>-</u> | <u>150,206</u> | <u>140,000</u> | <u>290,206</u> | |
| FUND BALANCES (DEFICIT) | | | | | |
| Restricted, reported in: | | | | | |
| Debt service fund | - | - | 85,531 | 85,531 | |
| Special revenue fund | <u>28,683</u> | <u>77,041</u> | <u>-</u> | <u>105,724</u> | |
| Total fund balance | <u>28,683</u> | <u>77,041</u> | <u>85,531</u> | <u>191,255</u> | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 28,683</u> | <u>\$ 227,247</u> | <u>\$ 225,531</u> | <u>\$ 481,461</u> | |

VILLAGE OF SHARON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For Year Ended December 31, 2024

| | Special Revenue | | | | | Total Non-major Funds | |
|--|------------------------|---|--|-------------------------|-------------------------|--------------------------------------|--|
| | ARPA | Brigham Memorial Library | Community Development Block Grant | | Debt Service | | |
| | | | Block Grant | Debt Service | | | |
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 140,000 | \$ 140,000 | | |
| Intergovernmental | 20,793 | - | 2,221 | - | - | 23,014 | |
| Charges for services | - | 682 | - | - | - | 682 | |
| Investment earnings | - | - | 3,953 | - | - | 3,953 | |
| Miscellaneous | - | 1,115 | - | - | - | 1,115 | |
| Total revenues | 20,793 | 1,797 | 6,174 | 140,000 | 140,000 | 168,764 | |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Culture, recreation, and education | - | 7,151 | - | - | - | 7,151 | |
| Conservation and development | - | - | 2,059 | - | - | 2,059 | |
| Debt Service | | | | | | | |
| Principal | - | - | - | 153,489 | 153,489 | | |
| Interest | - | - | - | 23,597 | 23,597 | | |
| Total expenditures | - | 7,151 | 2,059 | 177,086 | 177,086 | 186,296 | |
| Excess (deficiency) of revenues over (under) expenditures | 20,793 | (5,354) | 4,115 | (37,086) | (37,086) | (17,532) | |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | 68,756 | 68,756 | | |
| Transfers out | (20,793) | - | - | - | - | (20,793) | |
| | (20,793) | - | - | 68,756 | 68,756 | 47,963 | |
| Net change in fund balances | - | (5,354) | 4,115 | 31,670 | 31,670 | 30,431 | |
| Fund balances - Beginning of year | - | 34,037 | 72,926 | 166,400 | 166,400 | 273,363 | |
| Correction of error | - | - | - | (112,539) | (112,539) | (112,539) | |
| Fund balances - End of year | \$ - | \$ 28,683 | \$ 77,041 | \$ 85,531 | \$ 85,531 | \$ 191,255 | |

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

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

February 26, 2026

Re: Village of Sharon, Wisconsin ("Issuer")
\$2,810,000 General Obligation Promissory Notes, Series 2026A,
dated February 26, 2026 ("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 March 1 of each year, in the years and principal amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| 2028 | \$190,000 | ___% |
| 2029 | 185,000 | ___ |
| 2030 | 185,000 | ___ |
| 2031 | 215,000 | ___ |
| 2032 | 255,000 | ___ |
| 2033 | 245,000 | ___ |
| 2034 | 240,000 | ___ |
| 2035 | 220,000 | ___ |
| 2036 | 205,000 | ___ |
| 2037 | 135,000 | ___ |
| 2038 | 140,000 | ___ |
| 2039 | 145,000 | ___ |
| 2040 | 155,000 | ___ |
| 2041 | 160,000 | ___ |
| 2042 | 135,000 | ___ |

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2027.

The Notes maturing on March 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2034 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.

APPENDIX D

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 Sharon, Walworth County, Wisconsin (the "Issuer") in connection with the issuance of \$2,810,000 General Obligation Promissory Notes, Series 2026A, dated February 26, 2026 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on February 10, 2026 (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 February 10, 2026 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 Sharon, Walworth County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk-Treasurer of the Issuer who can be contacted at 125 Plain Street, Sharon, Wisconsin 53585, phone (262) 736-4888, fax (262) 736-4889.

"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 26th day of February, 2026.

(SEAL)

Mark A. Ruosch
President

Dawn Redenius
Village Clerk-Treasurer

APPENDIX E

NOTICE OF SALE

\$2,810,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A VILLAGE OF SHARON, WISCONSIN

Bids for the purchase of \$2,810,000* General Obligation Promissory Notes, Series 2026A (the "Notes") of the Village of Sharon, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on February 10, 2026, 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 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

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

DATES AND MATURITIES

The Notes will be dated February 26, 2026, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2028 | \$190,000 | 2033 | \$245,000 | 2038 | \$140,000 |
| 2029 | 185,000 | 2034 | 240,000 | 2039 | 145,000 |
| 2030 | 185,000 | 2035 | 220,000 | 2040 | 155,000 |
| 2031 | 215,000 | 2036 | 205,000 | 2041 | 160,000 |
| 2032 | 255,000 | 2037 | 135,000 | 2042 | 135,000 |

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 March 1 and September 1 of each year, commencing March 1, 2027, 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, Minneapolis, 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 March 1, 2035 shall be subject to optional redemption prior to maturity on March 1, 2034 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 February 26, 2026, 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 \$2,774,875 plus accrued interest on the principal sum of \$2,810,000 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 10:00 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$56,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an undertaking for the benefit of the holders of the 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 which will be provided by Bond Counsel upon request.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the 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 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the Village Board

Dawn Redenius, Village Clerk-Treasurer
Village of Sharon, Wisconsin

BID FORM

The Village Board

Village of Sharon, Wisconsin (the "Village")

February 10, 2026

RE: \$2,810,000 General Obligation Promissory Notes, Series 2026A (the "Notes")

DATED: February 26, 2026

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 \$2,774,875) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

| | | | | | | | | |
|-------|-------|------|-------|-------|------|-------|-------|------|
| _____ | % due | 2028 | _____ | % due | 2033 | _____ | % due | 2038 |
| _____ | % due | 2029 | _____ | % due | 2034 | _____ | % due | 2039 |
| _____ | % due | 2030 | _____ | % due | 2035 | _____ | % due | 2040 |
| _____ | % due | 2031 | _____ | % due | 2036 | _____ | % due | 2041 |
| _____ | % due | 2032 | _____ | % due | 2037 | _____ | % due | 2042 |

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.

A rating for the Notes may not be requested without contacting Ehlers and receiving the permission of the Village.

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 \$56,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the 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 February 26, 2026.

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 February 26, 2026 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 Sharon, Wisconsin, on February 10, 2026.

By: _____

By: _____

Title: _____

Title: _____