

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2022

In the opinion of Husch Blackwell LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law interest on the Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

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

VILLAGE OF WAUNAKEE, WISCONSIN (Dane County)

\$3,535,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2022A

BID OPENING: May 2, 2022, 10:30 A.M., C.T.

CONSIDERATION: May 2, 2022, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,535,000* General Obligation Corporate Purpose Bonds, Series 2022A (the "Bonds") of the Village of Waunakee, Wisconsin (the "Village") are being issued pursuant to Section 67.04, Wisconsin Statutes, for public purposes including financing the Village's annual parks improvement projects, street improvement projects and building improvements. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

DATE OF BONDS: May 18, 2022

MATURITY: June 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$190,000	2030	\$220,000	2036	\$210,000
2025	160,000	2031	220,000	2037	235,000
2026	165,000	2032	225,000	2038	220,000
2027	165,000	2033	190,000	2039	240,000
2028	165,000	2034	170,000	2040	225,000
2029	170,000	2035	170,000	2041	195,000

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on June 1, 2031 and thereafter are subject to call for prior optional redemption on June 1, 2030 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$3,490,812.

MAXIMUM BID: \$3,888,500.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$70,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Husch Blackwell LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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



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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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VILLAGE OF WAUNAKEE VILLAGE BOARD

		<u>Term Expires</u>
Chris Zellner	Village Board President	April 2023
Nila Frye	Village Trustee	April 2024
Gary Herzberg	Village Trustee	April 2023
Sam Kaufmann	Village Trustee	April 2023
Erin Moran	Village Trustee	April 2024
Phil Willems	Village Trustee	April 2023
Joe Zitzelsberger	Village Trustee	April 2024

ADMINISTRATION

Todd Schmidt, Village Administrator

Renee Meinholz, Finance Director

Karla Endres, Village Clerk

PROFESSIONAL SERVICES

Brian Kleinmaier, Village Attorney, Madison, Wisconsin

Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Waunakee, Wisconsin (the "Village") and the issuance of its \$3,535,000* General Obligation Corporate Purpose Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Board of Trustees on May 2, 2022.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 18, 2022. The Bonds will mature on June 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after June 1, 2031 shall be subject to optional redemption prior to maturity on June 1, 2030 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change

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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for public purposes including financing the Village’s annual parks improvement projects, street improvement projects and building improvements.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$3,535,000	
Estimated Interest Earnings	<u>1,715</u>	
Total Sources		\$3,536,715
Uses		
Estimated Underwriter's Discount	\$44,188	
Costs of Issuance	61,650	
Deposit to Project Construction Fund	3,429,980	
Rounding Amount	<u>897</u>	
Total Uses		\$3,536,715

*Preliminary, subject to change

SECURITY

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

RATING

General obligation debt of the Village is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The Village has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if

in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

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

ORIGINAL ISSUE DISCOUNT

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual

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

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

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

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

BOND PREMIUM

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

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable premium" within the meaning of Section 171 of the Code. The amortizable 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 premium is not allowed any deduction for the amortizable premium; rather the amortizable premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium 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 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 Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2020 have been audited by CliftonLarsonAllen LLP, Wausau, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court

struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The Village's allocation was \$225,248. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The Village's allocation is \$1,470,802.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

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

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$2,306,924,000
2021 Equalized Value Reduced by Tax Increment Valuation	\$2,104,806,100
2021 Assessed Value	\$2,108,332,700

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value¹	Percent of Total Equalized Value
Residential	\$1,899,349,100	82.333%
Commercial	300,071,900	13.007%
Manufacturing	78,990,000	3.424%
Agricultural	289,800	0.013%
Undeveloped	163,500	0.007%
Ag Forest	175,600	0.008%
Other	692,700	0.030%
Personal Property	27,191,400	1.179%
Total	<u>\$2,306,924,000</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2017	\$1,553,056,100	\$1,717,335,100	7.62%
2018	1,614,196,500	1,879,516,500	9.44%
2019	1,969,664,900	2,070,712,600	10.17%
2020	2,051,005,200	2,150,021,500	3.83%
2021	2,108,332,700	2,306,924,000	7.30%

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	2021 Equalized Value¹	Percent of Village's Total Equalized Value
203 Main LLC	Apartment Complex/Retail	\$18,069,836	0.78%
1101 Connery Cove LLC	Apartment Complex	14,269,283	0.62%
GAHC4 Waunakee WI SC LLC	Nursing Home/Assisted Living	14,055,142	0.61%
Nord Gear	Manufacturing	12,914,954	0.56%
Scientific Protein Laboratories	Manufacturing	12,167,976	0.53%
805 Uniek LLC	Commercial	8,722,612	0.38%
ASL Properties USA LLC	Manufacturing	8,206,381	0.36%
At Home Again Waunakee LLC	Assisted Living/Memory Care	8,158,090	0.35%
Eliana Lola LLC	Manufacturing	8,044,792	0.35%
Madison and Main LLC	Apartment Complex/Retail	7,993,770	0.35%
Total		\$112,602,836	4.88%
Village's Total 2021 Equalized Value ²		\$2,306,924,000	

Source: The Village.

¹ Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$35,099,219</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$ 1,225,000</u>
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Total revenue debt secured by water and electric revenues	<u>\$ 3,095,000</u>
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*Preliminary, subject to change.

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

Village of Waunakee, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 05/18/2022)

Calendar Year Ending	State Trust Fund Loan Series 2003		Corporate Purpose Bonds Series 2008		Taxable Refunding Bonds Series 2011B		Corporate Purpose Bonds Series 2012A		Taxable Community Development Bonds Series 2015A	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	05/28/2003 \$385,931	03/15	0	0	0	18,065	0	0	100,000	17,598
2023			29,219	1,461	70,000	34,818	125,000	2,500	120,000	32,195
2024					75,000	31,949		2,500	120,000	28,595
2025					75,000	28,836			120,000	24,995
2026					75,000	25,630			145,000	21,395
2027					95,000	21,890			145,000	16,973
2028					100,000	17,550			165,000	12,260
2029					100,000	13,000			190,000	6,650
2030					100,000	8,350				
2031					125,000	3,000				
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
2041										
			29,219	1,461	815,000	203,088	125,000	5,000	1,105,000	160,660

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Village of Waunakee, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 05/18/2022)

Calendar Year Ending	General Obligation Bonds Series 2016A		Corporate Purpose Bonds Series 2016C		Corporate Purpose Bonds Series 2017A		Corporate Purpose Bonds Series 2018A		Corporate Purpose Bonds Series 2020A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Dated	01/06/2016		12/15/2016		01/12/2017		06/07/2018		04/29/2020	
Amount	\$6,055,000		\$2,920,000		\$8,855,000		\$7,450,000		\$9,620,000	
Maturity	04/01		05/01		06/01		06/01		06/01	
2022	0	56,800	0	21,399	455,000	238,988	315,000	207,393	1,675,000	217,930
2023	515,000	105,875	265,000	40,413	475,000	220,388	320,000	197,868	1,715,000	167,080
2024	200,000	96,150	265,000	35,510	485,000	201,188	325,000	188,193	1,285,000	122,080
2025	225,000	91,900	265,000	30,343	495,000	184,063	335,000	178,293	585,000	94,030
2026	260,000	86,400	290,000	24,648	540,000	168,538	340,000	168,168	410,000	79,105
2027	265,000	79,838	285,000	18,396	550,000	152,188	350,000	157,818	420,000	66,655
2028	300,000	72,775	310,000	11,470	570,000	135,388	360,000	147,168	430,000	53,905
2029	325,000	64,556	310,000	3,875	570,000	118,288	375,000	136,143	430,000	43,155
2030	325,000	55,619			580,000	101,038	445,000	123,843	455,000	34,305
2031	315,000	46,425			425,000	85,963	460,000	110,268	455,000	25,205
2032	340,000	36,600			435,000	73,063	480,000	95,868	295,000	17,705
2033	350,000	26,250			465,000	58,981	495,000	80,633	215,000	12,498
2034	350,000	15,750			490,000	43,463	490,000	64,936	225,000	7,765
2035	350,000	5,250			500,000	27,375	390,000	50,393	230,000	2,645
2036					550,000	9,625	405,000	36,977		
2037							420,000	22,793		
2038							435,000	7,721		
2039										
2040										
2041										
	4,120,000	840,188	1,990,000	186,053	7,585,000	1,818,531	6,740,000	1,974,470	8,825,000	944,063

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Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/18/2022)

Corporate Purpose Bonds
Series 2022A

Dated Amount	05/18/2022 \$3,535,000*	Maturity	06/01	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	0	0	0	2,655,000	787,496	3,442,496	32,444,219	7.56%	2022		
2023	0	146,257	3,754,219	951,193	4,705,412	28,690,000	18.26%	2023			
2024	190,000	93,313	2,945,000	796,976	3,741,976	25,745,000	26.65%	2024			
2025	160,000	89,733	2,260,000	722,191	2,982,191	23,485,000	33.09%	2025			
2026	165,000	86,238	2,225,000	660,120	2,885,120	21,260,000	39.43%	2026			
2027	165,000	82,525	2,275,000	596,281	2,871,281	18,985,000	45.91%	2027			
2028	165,000	78,648	2,400,000	529,163	2,929,163	16,585,000	52.75%	2028			
2029	170,000	74,585	2,470,000	460,251	2,930,251	14,115,000	59.79%	2029			
2030	220,000	69,753	2,125,000	392,906	2,517,906	11,990,000	65.84%	2030			
2031	220,000	64,198	2,000,000	335,058	2,335,058	9,990,000	71.54%	2031			
2032	225,000	58,468	1,775,000	281,703	2,056,703	8,215,000	76.59%	2032			
2033	190,000	52,978	1,715,000	231,339	1,946,339	6,500,000	81.48%	2033			
2034	170,000	48,033	1,725,000	179,946	1,904,946	4,775,000	86.40%	2034			
2035	170,000	43,188	1,640,000	128,850	1,768,850	3,135,000	91.07%	2035			
2036	210,000	37,625	1,165,000	84,227	1,249,227	1,970,000	94.39%	2036			
2037	235,000	31,003	655,000	53,795	708,795	1,315,000	96.25%	2037			
2038	220,000	24,123	655,000	31,844	686,844	660,000	98.12%	2038			
2039	240,000	17,048	240,000	17,048	257,048	420,000	98.80%	2039			
2040	225,000	9,784	225,000	9,784	234,784	195,000	99.44%	2040			
2041	195,000	3,120	195,000	3,120	198,120	0	100.00%	2041			
	3,535,000	1,110,613	35,099,219	7,253,290	42,352,509						

* Preliminary, subject to change.

Village of Waunakee, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Electric and Water Revenues
 (As of 05/18/2022)

Calendar Year Ending	Water & Electric System Revenue Bonds Series 2011		Water & Electric System Revenue Bonds Series 2013A		Water & Electric Revenue Refunding Bonds Series 2016B		Total P & I	Total Principal	Total Interest	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2022	375,000	10/01	215,000	10/01	100,000	10/01	728,589	690,000	38,589	2,405,000	22.29%	2022
2023	400,000	10/01	220,000	10/01	105,000	10/01	786,128	725,000	61,128	1,680,000	45.72%	2023
2024	400,000	10/01	225,000	10/01	105,000	10/01	773,428	730,000	43,428	950,000	69.31%	2024
2025	250,000	10/01	230,000	10/01	105,000	10/01	609,790	585,000	24,790	365,000	88.21%	2025
2026	250,000	10/01	890,000	10/01	115,000	10/01	374,955	365,000	9,955	0	100.00%	2026
								3,095,000	177,889	3,272,889		

Village of Waunakee, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Sewer Revenues
 (As of 05/18/2022)

Sewerage System Revenue Bonds
 Series 2013B

Dated Amount	03/14/2013	\$2,325,000
Maturity	05/01	
Calendar Year Ending	Principal	Interest
2022	0	15,753
2023	140,000	30,105
2024	145,000	27,074
2025	145,000	23,630
2026	150,000	19,943
2027	155,000	15,936
2028	160,000	11,605
2029	160,000	7,125
2030	170,000	2,423
	1,225,000	153,593

Calendar Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	0	15,753	15,753	1,225,000	.00%	2022
2023	140,000	30,105	170,105	1,085,000	11.43%	2023
2024	145,000	27,074	172,074	940,000	23.27%	2024
2025	145,000	23,630	168,630	795,000	35.10%	2025
2026	150,000	19,943	169,943	645,000	47.35%	2026
2027	155,000	15,936	170,936	490,000	60.00%	2027
2028	160,000	11,605	171,605	330,000	73.06%	2028
2029	160,000	7,125	167,125	170,000	86.12%	2029
2030	170,000	2,423	172,423	0	100.00%	2030
	1,225,000	153,593	1,378,593			

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	\$2,306,924,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$115,346,200
Less: General Obligation Debt (includes the Bonds)*	<u>(35,099,219)</u>
Unused Debt Limit*	<u><u>\$80,246,981</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2021 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$76,889,801,300	3.0003%	\$426,305,000	\$12,790,429
Madison Area Technical Collect District	104,977,856,204	2.1975%	164,190,000	3,608,075
Waunakee School District	3,639,476,973	63.3861%	55,875,000	35,416,983
Madison Sewerage District	56,782,329,262	4.0627%	130,273,000	<u>5,292,601</u>
Village's Share of Total Overlapping Debt				<u><u>\$57,108,089</u></u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$2,306,924,000	Debt/ Per Capita 14,673 ¹
Total General Obligation Debt (includes the Bonds)*	\$35,099,219	1.52%	\$2,392.10
Village's Share of Total Overlapping Debt	<u>57,108,089</u>	<u>2.48%</u>	<u>\$3,892.05</u>
Total*	\$92,207,308	4.00%	\$6,284.15

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

¹ Estimated 2021 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
2017/18	\$9,916,204	100%	\$6.12
2018/19	10,522,080	100%	6.00
2019/20	10,884,479	100%	5.64
2020/21	11,152,149	100%	5.73
2021/22	11,951,892	In Process	5.68

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

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

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a

resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the Village did adopt such resolutions. The Village cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the Village's finances and payment of debt obligations, including the Bonds.

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools¹	County	Local	Total
2017/18	\$12.31	\$3.14	\$6.12	\$21.57
2018/19	11.77	2.97	6.00	20.74
2019/20	11.74	2.90	5.64	20.28
2020/21	11.75	2.87	5.73	20.35
2021/22	11.70	2.89	5.68	20.27

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

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and

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

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

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

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

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

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

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

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

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

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1892 and is governed by a Board of Trustees which consists of the President and six Trustees. The President is a voting member of the Board of Trustees. All are elected to staggered two-year terms. The appointed Administrator, Village Clerk and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 85 full-time, 42 part-time, and 131 seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$351,398, \$363,096 and \$404,176 respectively.

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

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

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the

Village reported an asset of \$1,071,721 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was 0.03323728% of the aggregate WRS net pension asset as of December 31, 2019.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
WPPA	December 31, 2023

OTHER POST EMPLOYMENT BENEFITS

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

For Fiscal Year 2020, the Village's portion of contributions to the LRLIF totaled \$3,140. For Fiscal Year 2020, the Village reported a liability of \$628,952 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2019 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.14770400% of the aggregate LRLIF net OPEB liability as of December 31, 2019.

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 3 in the "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Source: The Village's most recent audit.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of 2/28/22)

Fund	Total Cash and Investments
General	\$8,245,411
Park Impact	542,278
Library	69,789
Senior Center	816,673
Senior Center Fundraising	10,237
Village Center	859,485
Park Reservation	46,723
Community Development/Betterment	15,643
Grants	403,498
Debt Service	3,781,401
Tax Increment Districts	4,878,658
Capital Improvements	3,150,601
Electric Utility	7,479,096
Water Utility	2,950,864
Sewer Utility	3,390,887
Equipment Replacement	1,074,694
Total Funds on Hand	<u><u>\$37,715,938</u></u>

ENTERPRISE FUNDS

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

	2018	2019	2020
Water			
Total Operating Revenues	\$2,286,715	\$2,270,455	\$2,397,081
Less: Operating Expenses	<u>(1,394,935)</u>	<u>(1,401,897)</u>	<u>(1,418,252)</u>
Operating Income	\$891,780	\$868,558	\$978,829
Plus: Depreciation	533,896	574,523	596,577
Interest Income	<u>50,519</u>	<u>74,237</u>	<u>31,148</u>
Revenues Available for Debt Service	<u><u>\$1,476,195</u></u>	<u><u>\$1,517,318</u></u>	<u><u>\$1,606,554</u></u>
Sewer			
Total Operating Revenues	\$2,340,093	\$2,476,571	\$2,854,707
Less: Operating Expenses	<u>(2,252,399)</u>	<u>(2,423,271)</u>	<u>(2,695,582)</u>
Operating Income	\$87,694	\$53,300	\$159,125
Plus: Depreciation	260,915	271,722	292,879
Interest Income	<u>47,344</u>	<u>79,922</u>	<u>40,078</u>
Revenues Available for Debt Service	<u><u>\$395,953</u></u>	<u><u>\$404,944</u></u>	<u><u>\$492,082</u></u>
Electric			
Total Operating Revenues	\$ 12,724,312	\$12,234,842	\$ 12,825,159
Less: Operating Expenses	<u>(11,836,055)</u>	<u>(11,505,527)</u>	<u>(11,790,041)</u>
Operating Income	\$ 888,257	\$ 729,315	\$ 1,035,118
Plus: Depreciation	917,496	896,317	967,639
Interest Income	<u>131,744</u>	<u>198,901</u>	<u>106,372</u>
Revenues Available for Debt Service	<u><u>\$ 1,937,497</u></u>	<u><u>\$ 1,824,533</u></u>	<u><u>\$ 2,109,129</u></u>

SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Unaudited ¹	2022 Adopted Budget ²
Revenues					
Taxes and special assessments	\$ 5,178,810	\$ 5,516,757	\$ 6,053,717	\$ 6,110,383	\$ 7,636,409
Intergovernmental	1,289,794	1,337,810	1,763,791	1,527,503	1,420,026
Licenses and permits	581,678	567,016	429,161	630,250	273,845
Fines, forfeitures and penalties	72,631	67,400	53,313	58,485	61,150
Public charges for services	844,920	1,378,542	1,196,691	1,327,649	860,020
Intergovernmental charges for services	115,332	110,788	105,197	119,844	178,720
Interest	206,956	0	0	0	0
Miscellaneous general revenues	161,148	641,338	545,621	236,213	180,546
Total Revenues	\$ 8,451,269	\$ 9,619,651	\$10,147,491	\$10,010,327	\$ 10,610,716
Expenditures					
Current:					
General government	\$ 1,269,079	\$ 1,391,589	\$ 1,534,963	\$ 1,485,648	\$ 1,715,129
Public safety	3,729,466	3,456,974	3,934,092	4,155,873	4,356,577
Public works	2,099,884	2,309,254	2,339,534	2,477,191	2,461,404
Leisure activities	1,402,308	1,641,467	1,756,559	1,866,099	2,034,794
Conservation and development	307,958	823,159	605,809	621,476	245,219
Capital outlay	0	0	0	0	0
Total Expenditures	\$ 8,808,695	\$ 9,622,443	\$10,170,957	\$10,606,287	\$ 10,813,123
Excess of revenues over (under) expenditures	\$ (357,426)	\$ (2,792)	\$ (23,466)	\$ (595,960)	\$ (202,407)
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	871,695	887,244	914,656	972,332	24,000
Transfers out	(165,000)	(605,000)	(773,881)	(1,217,769)	(235,000)
Total Other Financing Sources (Uses)	\$ 706,695	\$ 282,244	\$ 140,775	\$ (245,437)	\$ (211,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 349,269	\$ 279,452	\$ 117,309	\$ (841,397)	\$ (413,407)
General Fund Balance January 1	6,619,699	6,968,968	7,162,332	7,279,641	6,438,244
Prior Period Adjustment	0	(86,088)	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$ 6,968,968	\$ 7,162,332	\$ 7,279,641	\$ 6,438,244	\$ 6,024,837
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	2,462,989	1,974,600	1,550,273	763,806	
Restricted	0	0	0	0	
Committed	0	0	0	0	
Assigned	1,351,790	2,245,273	2,654,065	2,301,297	
Unassigned	3,154,189	2,942,459	3,075,303	3,373,141	
Total	\$ 6,968,968	\$ 7,162,332	\$ 7,279,641	\$ 6,438,244	

¹ Unaudited data is as of March 30, 2022.

² The 2022 budget was adopted on November 15, 2021.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 14,879 and a current estimated population of 14,673 comprises an area of 6.39 square miles and is located approximately five miles north of Madison, Wisconsin, in south central Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Waunakee Community School District	Elementary and secondary education	539
Nord Gear Corp.	Manufacturing	470
Village of Waunakee	Municipal government and services	258
Scientific Protein Laboratories, LLC	Manufacture and sale of active pharmaceutical ingredients	224
Main Street Piggly Wiggly	Retail grocery	200
Uniek Inc.	Manufacturer of home products	180
Octopi	Brewery and beverage co-packing facility	173
Waunakee Manor Health Care Center	Nursing home	165
Suttle-Straus, Inc.	Commercial printing	145
Dane Manufacturing	Manufacturing	135

Source: *Waunakee Website, telephone survey (March and April 2022), 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. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2018	2019	2020	2021	2022 ¹
<u>New Single Family Homes</u>					
No. of building permits	77	61	75	152	32
Valuation	\$30,799,690	\$26,424,082	\$33,468,836	\$60,993,656	\$15,330,081
<u>New Multiple Family Buildings</u>					
No. of building permits	1	3	0	1	0
Valuation	\$16,023,000	\$12,098,000	\$0	\$6,900,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	2	4	4	0
Valuation	\$4,500,410	\$2,317,000	\$4,321,214	\$20,429,343	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	614	600	655	822	159
Valuation	\$74,763,396	\$63,452,589	\$51,214,984	\$114,334,895	\$18,757,047

Source: The Village.

¹ As of March 29, 2022.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census	12,097
2020 U.S. Census	14,879
2021 Estimated Population	14,673
Percent of Change 2010 - 2020	23.00%

Income and Age Statistics

	The Village	Dane County	State of Wisconsin	United States
2020 per capita income	\$49,549	\$41,755	\$33,375	\$35,384
2020 median household income	\$114,983	\$75,179	\$61,747	\$64,994
2020 median family income	\$137,619	\$101,806	\$78,679	\$80,069
2020 median gross rent	\$1,022	\$1,118	\$856	\$1,096
2020 median value owner occupied units	\$358,100	\$277,000	\$180,600	\$229,800
2020 median age	39.3 yrs.	35.2 yrs.	39.5 yrs.	38.2 yrs.

	State of Wisconsin	United States
Village % of 2020 per capita income	148.46%	140.03%
Village % of 2020 median family income	174.91%	171.88%

Housing Statistics

	<u>The Village</u>		
	2010	2020	Percent of Change
All Housing Units	4,502	5,053	12.24%

Source: 2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dane County	Dane County	Dane County	State of Wisconsin
2017	311,811	2.4%		3.3%
2018	311,552	2.3%		3.0%
2019	315,338	2.4%		3.2%
2020	304,154	4.8%		6.3%
2021, December	328,297	1.6%		2.3%

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

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

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

VILLAGE OF WAUNAKEE, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

To the Village Board
 Village of Waunakee, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



(1)

To the Village Board
Village of Waunakee, Wisconsin

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the general fund budgetary comparison schedule and the schedules relating to pensions and other postemployment benefits on pages 77 through 82 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by the Department of Health Services Audit Guide, and are not a required part of the financial statements. The nonmajor combining statements in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

(2)

To the Village Board
Village of Waunakee, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Clifford Larson Allen LLP

Wausau, Wisconsin
June 9, 2021

(3)



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2020

The management of the Village of Waunakee, Wisconsin (village) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the village for the fiscal year ended December 31, 2020. This Management's Discussion and Analysis (MD&A) is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the village's operating results. You can think of the village's net position, as measured in the Statement of Net Position, as one way to measure the village's financial health, or financial position. Over time, increases or decreases in the village's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the village's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our village.

- The assets and deferred outflows of resources of the village exceeded its liabilities and deferred inflows of resources as of December 31, 2020, by \$129,392,111 (*net position*). Of this amount, \$16,492,857 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position includes all infrastructure of the governmental funds.
- The village's total net position increased by \$12,192,602.
- As of December 31, 2020, the village's governmental funds reported combined ending fund balances of \$11,423,787 an increase of \$4,052,759 in comparison with the prior year.
 - 14% of the total or \$1,550,273 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
 - 29% of the total or \$3,311,109 is *Restricted*. This balance relates to fund balances legally restricted
 - 24% of the total or \$2,768,412 is *Committed* and relates to funds that relate to open contracts or funds constrained due to formal action of the governing body.
 - 23% of the total or \$2,654,065 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
 - Finally, the balance of \$1,139,928, is *Unassigned* and includes residual positive and negative fund balance amounts. Within this amount in the general fund is an amount that the Village Board has set aside as its "Rainy Day Fund". The amount set aside is \$3,075,303 or 29% of the general fund's 2021 operating budget. The village's policy is that this fund be held between 20% and 25% of the subsequent year's general fund operating budget. The village has chosen to exceed this policy to protect the village's cash flow from the TID No. 5 advance effects.
- The village's total general obligation debt decreased by \$242,070 (0.6%) during 2020. The village paid down its current obligations by slightly more than the new debt that was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This following discussion and analysis is intended to serve as an introduction to the village's basic financial statements. The village's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

Government-wide financial statements

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

The *statement of net position* presents information on all of the village's assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the village include the following:

- General government
- Public safety
- Public works
- Health and human services
- Leisure activities
- Conservation and development.

The business-type activities of the village include the following:

- Waunakee Water and Light Commission
- Sewerage Commission.

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund financial statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

Fund financial statements (cont.)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The village maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service, Capital Improvements, Tax Incremental District No. 3 and Tax Incremental District No. 6 fund. Data from the remaining fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* later in this report.

The village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 21 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric and water utilities (Water and Light Commission) and the sewer utility (Sewerage Commission), which are considered to be major funds of the village.

The basic proprietary fund financial statements can be found on pages 22 through 26 of this report.

Custodial funds. Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's programs. The custodial fund maintained by the village is the Tax Collection Fund which accounts for property taxes and specials collected on behalf of other governments.

The basic custodial fund financial statement can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 74 of this report.

Other information. Required supplementary information related to the pension and postemployment benefit plans and the supplementary information containing combining statements referred to earlier in connection with nonmajor governmental funds and other information related to the individual funds are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 82 through 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Waunakee exceeded liabilities and deferred inflows by \$129,392,111 as of December 31, 2020. The Village's net position increased by \$12,192,802 for the year ended December 31, 2020. However, the largest portion (84.0%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Village of Waunakee uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Waunakee's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Village of Waunakee's net position, \$4,170,629, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,492,857 is unrestricted.

VILLAGE OF WAUNAKEE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 29,240,209	\$ 23,714,282	\$ 14,125,230	\$ 12,696,160	\$ 43,365,439	\$ 36,410,442
Capital assets	98,362,515	62,668,544	50,521,080	48,288,347	148,813,605	141,157,881
Noncurrent assets	2,811,285	2,358,377	-	-	2,811,285	2,358,377
Total assets	130,444,010	118,641,203	64,646,320	60,984,507	185,090,330	179,826,710
Deferred outflows of resources	2,841,102	3,168,779	801,639	847,287	3,643,041	4,116,076
Long-term liabilities outstanding	(39,748,802)	(40,872,119)	(5,747,624)	(6,709,223)	(45,496,426)	(47,581,342)
Other liabilities	(1,781,049)	(1,784,617)	(1,840,092)	(1,598,145)	(3,621,141)	(3,382,762)
Total liabilities	(41,529,851)	(42,656,736)	(7,587,716)	(8,307,368)	(48,117,557)	(50,964,104)
Deferred inflows of resources	(19,345,079)	(15,405,870)	(876,614)	(473,403)	(20,223,693)	(15,879,373)
Net position:						
Net investment in capital assets	63,395,105	59,637,342	45,343,520	42,389,257	108,728,625	102,020,599
Restricted	3,597,177	2,591,253	583,452	1,485,473	4,170,629	4,046,726
Unrestricted	5,437,900	1,818,681	11,054,957	9,313,303	16,492,857	11,131,894
Total net position	\$ 72,410,182	\$ 64,047,276	\$ 56,981,929	\$ 53,188,033	\$ 129,392,111	\$ 117,199,309

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

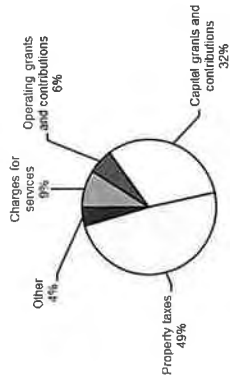
VILLAGE OF WAUNAKEE'S CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenues	\$ 2,439,708	\$ 3,383,908	\$ 18,076,947	\$ 16,981,868	\$ 20,506,745	\$ 20,385,776
Charges for services	1,601,620	1,527,178	-	-	1,601,620	1,527,178
Operating fees and contributions	8,572,844	3,421,349	2,546,880	703,882	11,069,624	4,131,231
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	13,172,669	12,582,245	-	-	13,172,669	12,582,245
Other taxes	33,899	59,214	-	-	33,899	59,214
Other general revenues	1,457,309	1,105,162	177,588	353,060	1,334,897	1,459,222
Total revenues	26,907,738	22,880,056	20,801,225	18,038,810	47,709,864	40,118,865
Expenses						
General government	1,800,449	1,487,826	-	-	1,800,449	1,487,826
Public safety	3,783,535	4,021,965	-	-	3,783,535	4,021,965
Public works	7,354,577	6,394,656	-	-	7,354,577	6,394,656
Health and human services	588,671	608,402	-	-	588,671	608,402
Culture and recreation	3,967,148	4,942,159	-	-	3,967,148	4,942,159
Conservation and development	706,289	1,171,529	-	-	706,289	1,171,529
Interest and fiscal charges	1,167,797	1,198,000	-	-	1,167,797	1,198,000
Electric	-	-	11,835,462	-	11,835,462	-
Water	-	-	1,493,204	1,513,648	1,493,204	1,513,648
Sewer	-	-	2,736,650	2,469,482	2,736,650	2,469,482
Total expenses	19,448,846	19,884,537	16,067,316	15,753,555	35,516,162	35,648,092
Increase in net position before transfers	7,458,893	2,185,519	4,733,809	2,285,255	12,192,802	4,470,774
Transfers	904,013	748,874	(604,013)	(748,874)	-	-
Change in net position	8,362,906	2,934,393	3,829,896	1,536,381	12,192,802	4,470,774
Cumulative effect of change in accounting principle	-	-	-	-	-	-
Net position - beginning of year, as originally reported	64,047,276	61,218,745	53,152,033	51,615,652	117,199,309	112,834,387
Prior period adjustment	-	(105,862)	-	-	-	(105,862)
Net position, beginning of year, as restated	64,047,276	61,112,883	53,152,033	51,615,652	117,199,309	112,728,525
Net position - end of year	\$ 72,410,182	\$ 64,047,276	\$ 56,981,929	\$ 53,188,033	\$ 129,392,111	\$ 117,199,309

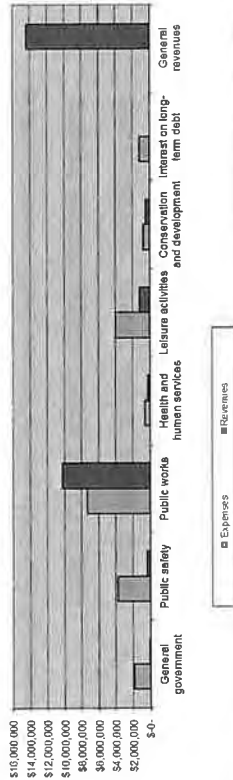
Governmental activities. As identified above, property taxes are typically the largest revenue source for governmental activities accounting for approximately 49% of total revenues. Charges for services, operating grants, capital grants and other account 9%, 6%, 32% and 4% of total revenues, respectively. As shown by the following graph and identified by the Statement of Activities on pages 14 through 15, property taxes and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



Governmental activities increased the village's net position by \$9,362,906. In typical years, the village realizes an increase to net position due to the method in which the village finances the purchases of capital assets and debt payments. The village finances some asset purchases through the levy on a pay-as-you-go basis and the village levies for debt payments. This sets the village up for having positive results on an ongoing basis. In years of growth, the village receives many developer related infrastructure assets which significantly increases the capital grant contributions revenue.

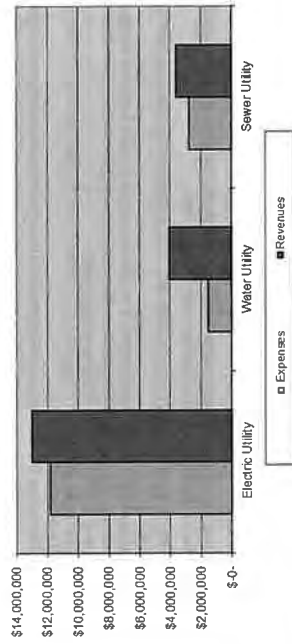
Property taxes increased by \$569,924 (4.69%) during the year. The increase primarily is due to an increase in operating costs in the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

Business-type activities. Business-type activities increased the village's net position by \$3,829,896. The net investment in capital assets increased by approximately 6.99% or \$2,960,263, while unrestricted net position increased \$1,741,634. The following graph compares the charges for services to the operating expenses of each utility. Rate increases for the Electric, Water and Sewer Utilities became effective July 1, 2020, December 1, 2015 and January 1, 2016, respectively.

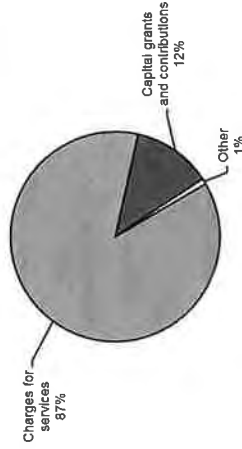
The current sewer rate was designed to be consistent with Madison Metropolitan Sewerage District's (MMSD) rate structure. The sewer rate is designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, be consistent with MMSD requirements and meet debt coverage requirements.

Operating Expenses and Revenues - Business-type Activities



As shown on the following chart, the revenues of the electric, water, and sewer utility includes capital grants and contributions and investment income in addition to charges for services (operating revenues). Capital grants and contributions and investment income revenues are not identified specifically to an individual program but to the fund as a whole.

Revenues by Source - Business-type Activities



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The village's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$148,913,605 (net of accumulated depreciation). The investment in capital assets includes land, buildings, building improvements, improvements other than buildings, equipment, infrastructure, construction in progress and intangible assets. The total increase in the village's investment in capital assets for the current fiscal year was a total of approximately \$6,755,714 net of depreciation or a 4.75% increase.

Major capital asset events that occurred during the year included the following:

- The village had approximately \$8 million in developer-added additions to infrastructure during 2020.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 20,085,747	\$ 19,717,282	\$ 532,289	\$ 522,268	\$ 20,539,016	\$ 20,249,531
Construction in progress	30,189,543	30,089,543	69,198	69,198	30,258,741	30,158,741
Buildings and improvements	5,388,441	5,388,441	5,551,316	5,551,316	35,649,886	35,400,886
Improvements other than buildings	7,027,578	6,715,972	8,413,966	7,657,341	5,286,441	5,286,441
Equipment	26,460	26,460	-	-	15,441,534	14,373,213
Infrastructure	83,531,463	85,601,804	63,306,376	60,498,463	146,839,839	146,090,267
Total capital assets	158,150,349	147,441,382	78,169,806	74,388,365	234,319,957	221,839,987
Less accumulated depreciation	(57,757,834)	(53,572,839)	(27,646,519)	(26,109,239)	(85,406,352)	(79,682,079)
Capital assets net of depreciation	\$ 88,392,515	\$ 83,868,544	\$ 50,521,080	\$ 48,289,347	\$ 148,913,605	\$ 142,157,981

Additional information of the village's capital assets can be found in Note 3 C. on pages 47 through 48.

Long-term debt. At the end of the current fiscal year, the village had total general obligation debt outstanding of \$36,663,548 entirely backed by the full faith and credit of the government with a debt premium of \$1,031,342 for a total of \$37,694,890 of general obligation bonds and notes included in these statements. In addition, the village had \$5,245,000 of revenue debt backed by the earnings of the Water and Light Commission and Sewerage Commission.

During 2002, the village was upgraded from an "A2" rating to an "A1" rating from Moody's for general obligation debt. During this process, the village also had the Water and Light Commission rated for the first time. Moody's investor Service rated the Water and Light Utility an "A2." Moody's upgraded the Utility rating during the 2011 borrowing process to an "A1." During 2010, Moody's changed to a Global Rating Scale and has placed the village at a new rating of Aa2. This rating was reaffirmed during the 2020 borrowing process.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the village is \$107,501,075, which significantly exceeds the village's current outstanding general obligation debt. The Village Board has established a policy whereby the village will not issue debt in excess of 50% of the state authorized debt limit. As of December 31, 2020, the village's outstanding debt was at 34.11% of the state authorized debt. The village is in compliance with the policy for the year ended December 31, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT.)

Village of Waunakee's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds and notes	\$ 37,694,890	\$ 37,936,950	\$ -	\$ -	\$ 37,694,890	\$ 37,936,950
Lease	-	10,153	-	-	-	10,153
Revenue bonds	-	-	5,245,000	5,995,000	5,245,000	5,995,000
Total	\$ 37,694,890	\$ 37,947,113	\$ 5,245,000	\$ 5,995,000	\$ 42,939,890	\$ 43,942,113

Additional information of the village's long-term debt can be found in note 3 E. on pages 51 through 54.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As previously discussed, the village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2020, the village's governmental funds reported combined ending fund balances of \$11,423,767, an increase of \$4,052,759 in comparison with the prior year.

- 14% of the total or \$1,550,273 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
- 29% of the total or \$3,311,109 is *Restricted*. This balance relates to fund balances legally restricted.
- 24% of the total or \$2,768,412 is *Committed* and relates to funds that relate to open contracts or funds constrained due to formal action of the governing body.
- 23% of the total or \$2,664,065 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
- Finally, the balance of \$1,139,928, is *Unassigned* and includes residual positive and negative fund balance amounts. Within this amount in the general fund is an amount that the Village Board has set aside as its "Rainy Day Fund." The amount set aside is \$3,075,303 or 29% of the general fund's 2021 operating budget. The village's policy is that this fund be held between 20% and 25% of the subsequent year's general fund operating budget. The village has chosen to exceed this policy to protect the village's cash flow from the TID No. 5 advance effects.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONT.)

General Fund. The General Fund is the chief operating fund of the village. As of December 31, 2020, the total fund balance of the general fund was \$7,279,641.

- o 21% of the total of \$1,550,273 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
- o 36% of the total of \$2,654,065 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
- o The fund balance of the general fund increased \$117,309 compared to the prior year. This was due, in part, to increased intergovernmental revenues.
- o The village's unassigned fund balance is currently at 29% of the subsequent year's general fund expenditures. The village has a policy in place to maintain or exceed an unassigned fund balance between 20% and 25% of the subsequent year's general fund expenditures.

Debt Service Fund. The Debt Service Fund pays debt service requirements of all governmental fund debt except for TIF District debt service requirements which are paid by the individual TIF district. The revenues of the fund consist mostly of property tax revenue, however the fund also receives funding through impact fees, contributions from other municipalities and investment income. The fund was able to cover all obligations. The fund balance in the debt service decreased by \$194,741.

Capital Improvements Fund. The Capital Improvements Fund pays for major capital improvements. A summary of these projects can be found in the Capital Asset and Debt Administration section above. This fund pays for most of the capital projects identified in the village's 10-year plan. The increase to the fund balance is due to the unspent proceeds from the 2020A borrowing that will be used on capital projects in 2021.

Tax Incremental Financing District (TIF) No. 3. The TID No. 3 Fund pays for major capital improvements in the Waunakee Business Park. The district has completed its expenditure period. At the present time, TID No. 3 has a \$715,715 deficit that future tax increments generated are supposed to replenish. The fund balance of TID No. 3 increased \$21,812. The increase was related to payment of debt obligations and other administrative costs where the tax increment is now in excess of the expenditures.

Tax Incremental Financing District (TIF) No. 6. The TID No. 6 Fund pays for project costs related to the Kilkenny Farms mixed use district. At the present time, TID No. 6 has a fund balance of \$792,098, which is an increase of \$93,257 over the prior year. The increase was related to payment of project costs, developer incentive payments, debt obligations and other administrative costs where the tax increment is now in excess of the expenditures.

Proprietary funds. The village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the electric, water and sewer utilities at the end of the year amounted to \$5,893,834, \$2,342,225, and \$2,818,798 respectively. The total growth in net position for the electric, water and sewer utilities was \$916,502, \$2,106,836, and \$905,459, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the village's business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONT.)

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2020 annual budget for the village's general fund identified use of \$559,660 of fund balance. The 2020 budget was amended to use \$1,365,398 of fund balance. Actual expenditures were under the budgeted expenditures by 5.42% or \$51,581. Actual revenues sources exceeded budgeted revenues in the general fund by \$117,308 or approximately 8.59%.

The positive variance for the general fund revenues was primarily associated with unanticipated grant revenues, developer rebillings, building permits, and investment income.

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- The building inspections budget was increased due to increased inspection activity related to a high number of building permits issued.
- The Streets department required a shift in the budget as more time was spent on street work and less time was spent for snow plowing and parks.
- The Village had additional costs to respond to the COVID-19 pandemic, which was offset by an increase to the intergovernmental revenues budget for the CARES Routes to Recovery grant received.

The net change in fund balance was \$117,308. The village does not anticipate this type of result on an annual basis, but certain revenues and departments had large favorable variances which led to the positive results.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- \$740,135 of the unassigned fund balance in the general fund was appropriated for spending in the 2021 budget. The assigned fund balance of \$1,913,930 was carried forward from the previous budget to pay 2021 expenditures. It is intended that the village will maintain a minimum unassigned fund balance of between 20% and 25% of general fund subsequent years' budgeted expenditures.
- Single family residence (SFR) housing starts for the village in 2020 were 71 compared to 61 in 2019. The current projection is that the village will grow by an average of 125 SFR's per year, however due to past economic housing slowdowns, this average number over the past 10 years has decreased.
- The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the village, program revenues have been reduced, room tax income has decreased, as have other fines and forfeitures. In addition, the village has incurred additional costs for disinfection, personal protective equipment (PPE), and consulting fees related to legal and information technology, among other costs necessary to deal with the pandemic. The village is taking appropriate actions to mitigate the negative impacts on 2021 operations. This includes pursuing reimbursement of eligible costs through the state and federal government and reducing expenditures in other areas to offset the additional costs. Should it be required, the village can tap into additional unassigned fund balance, which is still in excess of our policy at December 31, 2020. The full impact of COVID-19 cannot be reasonably estimated at this time.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 500 West Main Street, PO Box 100, Waunakee, WI 53597.

General information relating to the Village of Waunakee, Wisconsin, can be found at the village's website, <http://www.vil.waunakee.wi.us>.

**VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

BASIC FINANCIAL STATEMENTS

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,739,455	\$ 10,399,806	\$ 21,139,261
Receivables:			
Taxes and Special Charges, Net	15,307,562	-	15,307,562
Delinquent Taxes	308	-	308
Accounts	571,615	1,620,284	2,191,909
Loans	475,000	-	475,000
Other	55,038	147,826	202,864
Internal Balances	64,335	(64,335)	-
Due from Other Governments	26,847	-	26,847
Inventories and Prepaid Items	381,747	-	381,747
Investment in Joint Venture	2,811,286	-	2,811,286
Restricted Assets:			
Cash and Investments	536,561	1,292,744	1,829,305
Net Pension Asset	1,071,721	279,709	1,351,430
Capital Assets, Nondepreciable	20,184,864	885,950	21,080,814
Capital Assets, Depreciable, Net	78,207,651	49,625,140	127,832,791
Total Assets	130,444,010	64,646,320	195,090,330
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Advance Refunding	-	67,430	67,430
Pension Related Amounts	2,528,706	654,519	3,183,225
Other Postemployment Related Amounts	312,395	79,890	392,285
Total Deferred Outflows of Resources	2,841,102	801,839	3,643,041
LIABILITIES			
Accounts Payable	455,104	1,416,109	1,871,213
Accrued and Other Current Liabilities	425,982	60,565	486,528
Due to Other Governments	87,302	-	87,302
Accrued Interest Payable	304,486	28,058	333,554
Deposits	208,924	163,855	372,779
Commitment to Community	-	58,032	58,032
Unearned Revenues	289,271	112,462	411,733
Long-Term Obligations:			
Due Within One Year:			
Long-Term Debt	3,329,542	790,000	4,119,542
Compensated Absences	244,494	35,905	280,399
Due in More Than One Year:			
Long-Term Debt	34,365,348	4,455,000	38,820,348
Compensated Absences	1,180,466	261,395	1,441,861
Other Postemployment Benefits	628,952	184,089	813,041
Other Liabilities	-	21,235	21,235
Total Liabilities	41,529,851	7,587,716	49,117,567
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	15,288,138	-	15,288,138
Gain on Refunding	763,513	-	763,513
Pension Related Amounts	3,216,073	841,769	4,057,842
Other Postemployment Related Amounts	87,355	35,645	123,000
Total Deferred Inflows of Resources	19,345,079	878,614	20,223,693
NET POSITION			
Net Investment in Capital Assets	63,385,105	45,343,520	108,728,625
Restricted	3,587,177	583,452	4,170,629
Unrestricted	5,437,900	11,054,957	16,492,857
Total Net Position	\$ 72,410,182	\$ 56,981,929	\$ 129,392,111

See accompanying Notes to Basic Financial Statements

(15)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Changes for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Operating Contributions	Capital Grants and Contributions	Totals	Governmental Activities	Business-type Activities
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,800,449	\$ 73,200	\$ -	\$ -	\$ (1,827,249)	\$ -	\$ (1,827,249)
Public Safety	3,783,935	233,388	131,772	-	(3,418,765)	-	(3,418,765)
Public Works	7,354,577	927,796	865,356	8,289,690	2,858,265	-	2,858,265
Health and Human Services	568,671	52,432	197,274	-	(318,965)	-	(318,965)
Culture and Recreation	3,967,148	693,780	287,218	213,254	(2,772,866)	-	(2,772,866)
Conservation and Development	706,269	448,182	-	-	(257,077)	-	(257,077)
Interest and Fiscal Charges	1,167,797	-	-	-	(1,167,797)	-	(1,167,797)
Total Governmental Activities	19,448,846	2,429,788	1,601,620	8,512,944	(6,904,484)	-	(6,904,484)
BUSINESS-TYPE ACTIVITIES							
Electric Utility	11,835,462	12,825,159	-	176,770	1,165,467	1,165,467	1,165,467
Water Utility	1,493,204	2,387,081	-	1,620,386	2,524,263	2,524,263	2,524,263
Sewer Utility	2,738,650	2,854,707	-	749,524	865,581	865,581	865,581
Total Business-Type Activities	16,067,316	16,076,847	-	2,546,680	4,556,311	4,556,311	4,556,311
Total	\$ 35,516,162	\$ 20,506,745	\$ 1,601,620	\$ 11,059,624	(6,904,484)	4,556,311	(2,348,173)
GENERAL REVENUES							
Taxes:							
Property Taxes					10,884,479		10,884,479
Tax Increments					2,287,690		2,287,690
Other Taxes					33,889		33,889
Federal and State Grants and other contributions not Restricted to Specific Functions					558,306		558,306
Interest and Investment Earnings					514,797	177,598	692,395
Miscellaneous					84,246	-	84,246
Transfers					904,013	(904,013)	-
Total General Revenues and Transfers					15,267,390	(726,415)	14,540,975
CHANGE IN NET POSITION							
Net Position - Beginning of Year,					8,362,906	3,829,896	12,192,802
NET POSITION - END OF YEAR					64,047,276	53,152,033	117,199,309
					\$ 72,410,182	\$ 56,961,929	\$ 129,382,111

See accompanying Notes to Basic Financial Statements. (17)

See accompanying Notes to Basic Financial Statements. (16)

VILLAGE OF WAUNAKEE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	ASSETS			
	General	Debt Service	Capital Improvements	Total
Cash and Investments	\$ 5,714,146	\$ 231,555	\$ 2,513,340	\$ 10,739,455
Restricted Cash and Investments	-	-	-	536,561
Receivables:				
Taxes and Special Charges, Net	6,120,281	2,636,743	1,080,000	15,307,562
Delinquent Personal Property Taxes	308	-	-	308
Accounts	546,368	-	-	571,815
Loans	-	475,000	-	475,000
Other	55,038	-	-	55,038
Due from Other Funds	589,921	-	-	589,921
Advance to Other Funds	1,158,526	-	-	1,469,566
Due from Other Governments	26,847	-	-	26,847
Prepaid Items	391,747	-	-	391,747
Total Assets	\$ 14,592,192	\$ 3,343,298	\$ 3,593,340	\$ 30,142,640

	LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			Total
	TID No. 3	TID No. 6	Nonmajor Governmental Funds	
Cash and Investments	\$ 997	\$ -	\$ 40,489	\$ 455,104
Accounts Payable	425,962	-	-	425,962
Accrued and Other Current Liabilities	403,678	-	58,029	504,586
Due to Other Funds	311,040	-	1,158,526	1,469,566
Advance from Other Funds	-	-	-	87,302
Due to Other Governments	-	-	-	208,924
Special Deposits	-	-	-	299,271
Unearned Revenues	-	-	-	-
Total Liabilities	715,715	-	1,287,044	3,450,715

	DEFERRED INFLOWS OF RESOURCES			Total
	TID No. 3	TID No. 6	Nonmajor Governmental Funds	
Property Taxes Levied for Subsequent Year	1,193,592	1,346,579	2,927,387	15,288,138

	FUND BALANCES			Total
	TID No. 3	TID No. 6	Nonmajor Governmental Funds	
Nonspendable	-	-	-	1,550,273
Restricted	-	792,098	1,321,288	3,311,109
Committed	-	-	1,002,481	2,788,412
Assigned	-	-	-	2,654,065
Unassigned (Deficit)	(715,715)	-	(1,219,660)	1,139,928
Total Fund Balances	(715,715)	792,098	1,104,120	11,423,787

	Total Liabilities, Deferred Inflows of Resources, and Fund Balances			Total
	TID No. 3	TID No. 6	Nonmajor Governmental Funds	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,193,592	\$ 2,141,677	\$ 5,288,551	\$ 30,142,640

See accompanying Notes to Basic Financial Statements. (19)

See accompanying Notes to Basic Financial Statements. (19)

VILLAGE OF WAUNAKEE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	2020
Amounts reported for governmental activities in the statement of net position are different because:	\$ 11,423,787
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	98,392,515
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	2,811,286
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Inflows Related to Gain on Refunding	(763,513)
Deferred Outflows Related to Pensions	2,528,706
Deferred Inflows Related to Pensions	(3,216,073)
Deferred Outflows Related to Other Postemployment Benefits	312,386
Deferred Inflows Related to Other Postemployment Benefits	(97,355)
Long-term assets are not considered available; therefore, are not reported in the funds:	
Net Pension Asset	1,071,721
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(36,663,548)
Premium on Debt	(1,031,342)
Compensated Absences	(1,424,960)
Other Postemployment Benefit	(628,952)
Accrued Interest on Long-Term Obligations	(304,486)
Net position of governmental activities as reported on the statement of net position	\$ 72,410,182

See accompanying Notes to Basic Financial Statements. (20)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Capital Improvements
REVENUES			
Taxes	6,053,717	2,367,055	1,180,000
Intergovernmental	1,763,791	-	57,000
Licenses and Permits	428,161	68,153	-
Fines and Forfeitures	53,313	-	-
Public Charges for Services	1,096,681	-	18,546
Intergovernmental Charges for Services	105,197	-	-
Miscellaneous	545,821	24,815	58,106
Total Revenues	<u>10,147,481</u>	<u>2,460,023</u>	<u>1,313,652</u>
EXPENDITURES			
Current:			
General Government	1,534,963	-	-
Public Safety	3,834,092	-	-
Public Works	2,339,534	-	-
Health and Human Services	-	-	-
Culture and Recreation	1,756,559	-	-
Conservation and Development	605,609	-	-
Debt Service:			
Principal	-	7,800,226	-
Interest and Fiscal Charges	-	689,795	37,654
Capital Outlay	-	-	2,525,649
Total Expenditures	<u>10,170,957</u>	<u>8,490,021</u>	<u>2,563,203</u>
EXCESS OF REVENUES OVER (UNDER)	<u>(23,466)</u>	<u>(6,029,998)</u>	<u>(1,249,551)</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	5,575,000	2,765,000
Premium on Debt Issued	-	280,257	100,052
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	914,656	-	710,000
Transfers Out	(773,981)	-	-
Total Other Financing Sources (Uses)	<u>140,775</u>	<u>5,855,257</u>	<u>3,575,052</u>
NET CHANGE IN FUND BALANCES	<u>117,309</u>	<u>(194,741)</u>	<u>2,325,501</u>
Fund Balances - Beginning of Year (Deficit)	<u>7,162,332</u>	<u>901,296</u>	<u>(88,413)</u>
FUND BALANCES - END OF YEAR (Deficit)	<u>\$ 7,279,641</u>	<u>\$ 706,555</u>	<u>\$ 2,237,088</u>

See accompanying Notes to Basic Financial Statements. (21)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2020

TID No. 3	TID No. 6	Nonmajor Governmental Funds	Total
\$ 774,700	\$ 569,166	\$ 2,203,885	\$ 13,168,343
27,016	12,632	144,574	2,005,013
-	-	81,169	578,483
-	-	-	53,313
-	-	382,462	1,897,389
-	-	41,996	147,193
8,767	21,017	378,552	1,036,876
810,483	622,805	3,232,136	18,586,622
-	-	-	1,534,963
-	-	-	3,834,092
-	-	-	2,339,534
-	-	553,833	553,933
-	-	1,006,029	2,762,588
-	-	35,425	641,234
2,015,000	295,000	185,000	10,295,226
102,038	232,303	133,448	1,195,138
4,217	2,275	671,168	3,203,309
2,121,255	529,578	2,585,003	26,460,017
(1,310,772)	93,257	647,135	(7,873,395)
1,280,000	-	925,000	10,545,000
52,584	-	-	412,893
-	-	64,248	64,248
-	-	555,360	2,180,016
1,332,584	-	(502,122)	(1,276,003)
-	-	1,042,486	11,626,154
21,812	93,257	1,688,621	4,052,759
(737,537)	698,841	(585,501)	7,371,028
\$ (715,715)	\$ 792,098	\$ 1,104,120	\$ 11,423,787

See accompanying Notes to Basic Financial Statements (22)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2020

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page \$ 4,052,759

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 those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay in Governmental Fund Statements 3,203,309

Items Reported as Capital Outlay, but not Capitalized (2,324,298)

Contributed Capital Assets 8,219,144

Depreciation Expense Reported in the Statement of Activities (4,524,762)

Net Book Value of Disposals (49,422)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (10,545,000)

Long-Term Debt Issued 10,153

Capital Leases Paid (412,893)

Premium on Debt Issued 10,295,226

Principal Repaid

The proportionate share of the change in net position related to joint ventures reported in the statement of net position neither provides or uses current financial resources and are not reported in the fund statements 452,909

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 the governmental funds: (113,863)

Accrued Interest on Long-Term Debt 141,224

Amortization of Premiums, Discounts and Loss on Advance Refunding 23,039

Compensated Absences 2,200,277

Net Pension Liability (Asset) (554,724)

Deferred Outflows of Resources Related to Pensions (1,652,950)

Other Postemployment Benefits (280,501)

Deferred Outflows of Resources Related to Other Postemployment Benefits 227,047

Deferred Inflows of Resources Related to Other Postemployment Benefits (4,148)

Change in net position of governmental activities as reported in the statement of activities \$ 8,362,906

See accompanying Notes to Basic Financial Statements (23)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Electric Utility	Water Utility	Sewer Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 6,039,855	\$ 1,932,739	\$ 2,430,193	\$ 10,399,606
Receivables	1,109,252	194,338	326,796	1,630,294
Customer Accounts	121,232	16,938	9,336	147,506
Other	23,145	12,424	7,460	43,029
Due from Other Funds	453,930	48,258	44,688	546,876
Inventories and Prepaid Items	7,886,044	2,189,722	2,774,225	12,850,091
Total Current Assets	16,633,458	5,313,204	7,682,600	29,629,262
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	368,325	630,290	274,129	1,272,744
Other Assets:	176,366	76,936	28,987	278,709
Net Pension Asset				
Capital Assets:				
Nondepreciable	554,550	285,656	75,844	895,950
Depreciable, Net	15,800,406	21,062,110	12,662,624	49,525,140
Total Capital Assets	16,354,956	21,347,766	12,738,468	50,441,190
Total Assets	33,011,670	27,003,264	19,923,668	79,938,598
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Advance Refunding	16,142	32,486	16,782	67,430
Pension Related Amounts	413,078	175,247	65,164	653,489
Other Postemployment Related Amounts	30,436	21,639	7,718	59,803
Total Deferred Outflows of Resources	496,656	429,372	90,664	1,016,692

See accompanying Notes to Basic Financial Statements. (24)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Electric Utility	Water Utility	Sewer Utility	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,416,109			\$ 1,416,109
Accrued and Other Current Liabilities	89,392	10,772	10,412	110,586
Due to Other Funds	107,214			107,214
Unassigned Fund Balances	14,105	35,307		49,412
Commitment to Community	58,032			58,032
Unearned Revenue		112,482		112,482
Accrued Interest	8,146	14,359	6,563	29,068
Customer Advances for Construction	108,443	3,000	3,000	114,443
Current Portion of Long-Term Debt	238,000	401,000	150,000	790,000
Total Current Liabilities	1,980,431	578,800	186,875	2,737,306
Long-Term Obligations, Less Current Portion:				
Revenue Bonds	1,124,000	1,910,000	1,421,000	4,455,000
Compensated Absences	121,800	86,200	86,200	297,300
Other Postemployment Benefits	116,075	50,263	17,761	184,099
Other Liabilities	21,235			21,235
Total Long-Term Liabilities	1,383,210	2,046,463	1,524,961	4,954,634
Total Liabilities	3,373,641	2,625,353	1,694,936	7,694,930
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	530,764	228,788	81,216	841,788
Other Postemployment Related Amounts	23,232	10,055	3,553	36,840
Total Deferred Inflows of Resources	553,996	238,843	84,771	877,614
NET POSITION				
Net Investment in Capital Assets	15,110,098	18,048,162	11,184,260	45,342,520
Restricted	265,678	197,026	120,748	583,452
Unrestricted	5,883,934	2,342,225	2,618,798	11,054,957
Total Net Position	\$ 21,259,710	\$ 21,588,413	\$ 14,123,806	\$ 56,971,929

See accompanying Notes to Basic Financial Statements. (25)

**VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Electric Utility	Water Utility	Sewer Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 12,825,158	\$ 2,387,081	\$ 2,854,707	\$ 18,070,847
OPERATING EXPENSES				
Operations and Maintenance	10,716,286	800,453	2,388,722	13,906,471
Depreciation	867,639	596,577	292,879	1,857,095
Taxes	106,106	21,222	12,881	140,309
Total Operating Expenses	<u>11,790,041</u>	<u>1,418,252</u>	<u>2,695,582</u>	<u>15,903,875</u>
OPERATING INCOME	1,035,118	976,829	159,125	2,173,072
NONOPERATING REVENUES (EXPENSES)				
Investment Income	106,372	31,148	40,078	177,598
Interest and Fiscal Charges	(36,352)	(64,432)	(38,639)	(139,420)
Amortization of Loss on Refinancing	(6,328)	(11,520)	(3,452)	(21,660)
Other Nonoperating Revenues (Expenses)	65,347	(43,804)	(2,890)	(2,351)
Total Nonoperating Revenues (Expenses)	<u>69,039</u>	<u>(87,608)</u>	<u>(6,913)</u>	<u>(24,572)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,096,069	895,025	156,135	2,187,229
Capital Contributions	176,770	1,620,366	748,524	2,546,660
Transfers In	5,416	927	799	7,142
Transfers Out	(461,753)	(448,402)	-	(911,155)
CHANGE IN NET POSITION	816,502	2,106,936	806,458	3,829,896
Net Position - Beginning of Year	20,453,208	19,481,477	13,217,348	53,152,033
NET POSITION - END OF YEAR	<u>\$ 21,269,710</u>	<u>\$ 21,588,413</u>	<u>\$ 14,123,806</u>	<u>\$ 56,981,929</u>

See accompanying Notes to Basic Financial Statements. (26)

**VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Electric Utility	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 12,690,663	\$ 2,453,980	\$ 2,925,551	\$ 18,070,394
Provision and Street Lighting	145,078	(338,050)	(181,200)	145,078
Cash Paid to Suppliers	(10,067,533)	(618,815)	(2,251,592)	(13,637,940)
Cash Paid to Suppliers	2,071,851	1,601,108	510,738	4,183,786
Net Cash Provided by Operating Activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from Other Funds	5,416	927	799	7,142
Transfer to Other Funds	(461,753)	(448,402)	-	(911,155)
Net Cash Provided (Used) by Noncapital Financing Activities	(456,337)	(448,475)	799	(904,013)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Capital Assets	(1,182,165)	(381,381)	(301,397)	(1,864,943)
Proceeds from Sale of Capital Assets	119,901	8,828	-	128,729
Cost of Removal of Capital Assets	(27,843)	-	-	(27,843)
Capital Contributions	284,015	3,000	3,000	290,015
Principal Paid on Long-Term Debt	(227,000)	(378,000)	(145,000)	(750,000)
Interest Paid on Long-Term Debt	(37,531)	(65,432)	(45,141)	(148,104)
Net Cash Used by Capital and Related Financing Activities	(1,071,214)	(782,865)	(483,538)	(2,347,617)
CASH FLOWS FROM INVESTING ACTIVITIES				
Return on Investments	105,361	31,148	40,078	176,587
Investments Sold	(17,862)	(3,350)	(5,008)	(26,220)
Net Cash Provided by Investing Activities	225,223	27,798	35,070	328,091
CHANGE IN CASH AND CASH EQUIVALENTS	767,623	424,184	111,087	1,302,894
Cash and Cash Equivalents - Beginning of Year	2,059,278	1,125,028	1,259,938	4,478,142
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,826,901</u>	<u>\$ 1,549,212</u>	<u>\$ 1,371,025</u>	<u>\$ 5,747,138</u>

See accompanying Notes to Basic Financial Statements. (27)

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

Tax Collection Custodial Fund	
\$ 17,706,487	
10,771,941	
<u>28,478,428</u>	
28,478,428	
\$	

ASSETS	
Cash and Investments	
Taxes Receivable	
Total Assets	
Deferred Inflows of Resources	
Property Taxes Levied for Subsequent Year	
NET POSITION	
Fiduciary Net Position - Held for Others	

	Electric Utility	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,035,116	\$ 976,629	\$ 1,591,125	\$ 2,173,072
Miscellaneous Nonoperating Income	(2,541)	-	-	(2,541)
Adjustments to Operating Income				
To Net Cash Provided by Operating Activities				
Depreciation	867,638	596,577	292,879	1,857,095
Change in Asset (Liability) and Deferred Outflows and Inflows of Resources	62,400	30,608	-	93,008
Change in WRS Asset (Liability)	(370,588)	(163,126)	(85,564)	(619,308)
Change in WRS Deferred Outflow	113,058	55,278	13,392	181,728
Change in WRS Deferred Inflow	258,530	108,173	41,135	407,838
Change in OPEB Asset (Liability)	46,063	18,343	7,574	71,980
Change in OPEB Deferred Outflow	(38,546)	(15,531)	(5,673)	(59,750)
Change in OPEB Deferred Inflow	(1,531)	(1,065)	(91)	(2,687)
(Increase) Decrease in Assets:				
Accounts Receivable	(80,020)	6,402	59,807	(24,811)
Due from Other Funds	10,748	(8,175)	(1,393)	1,180
Other Receivables	(13,383)	(11,509)	(8,591)	(31,483)
Inventories and Prepaid Items	(22,036)	(6,052)	-	(28,088)
Accounts Payable	145,689	-	156	145,845
Accrued and Other Current Liabilities	(41,232)	4,282	156	(36,811)
Due to Other Funds	3,535	-	-	3,535
Customer Deposits	(3,672)	631	-	(3,041)
Compensated Absences	9,800	7,300	7,000	24,200
Net Cash Provided by Operating Activities	\$ 2,071,851	\$ 1,601,105	\$ 510,739	\$ 4,183,795
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and Cash Equivalents in Current Assets	\$ 6,038,855	\$ 1,932,759	\$ 2,430,183	\$ 10,399,805
Cash and Cash Equivalents in Restricted Assets	388,325	630,260	274,128	1,292,744
Total Cash and Investments	6,427,180	2,563,048	2,704,322	11,692,550
Less: Noncash Equivalents	(3,598,279)	(1,013,829)	(1,309,397)	(5,911,504)
Total Cash and Cash Equivalents	\$ 2,828,901	\$ 1,549,220	\$ 1,394,925	\$ 5,781,046
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Financed by Developer/Municipality	\$ -	\$ 1,620,386	\$ 749,524	\$ 2,369,910
Adjustment of Investments to Fair Value	(9,112)	(2,574)	(3,325)	(15,011)

See accompanying Notes to Basic Financial Statements. (28)

See accompanying Notes to Basic Financial Statements. (28)

VILLAGE OF WAUNAKEE, WISCONSIN
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED DECEMBER 31, 2020

Tax Collection Custodial Fund	
\$ 30,159,094	
30,159,094	
\$	

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Waunakee, Wisconsin (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:

A. Reporting Entity

The Village is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has identified the following component unit:

**Component Unit Not Presented
 Community Development Authority**

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village president. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. The CDA is part of the reporting entity of the Village of Waunakee. However, the CDA had no financial transactions during 2020 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

B. Joint Venture

1. EMS

The Village of Waunakee and the towns of Westport, Dane, Vienna and Springfield, jointly operate the local EMS District, which is called the WWDVS, and provides ambulance and rescue service. The communities share in the operation of the District based on population. The governing body is made up of board members from each community. Local representatives are appointed by the local board. The governing body has authority to adopt its own budget and control the financial affairs of the district. The Village made payments totaling \$277,100 to the District for 2020. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2020 is \$1,867,764. Financial information of the District as of December 31, 2020 is available directly from the District's office.

ADDITIONS
 Property Tax Collections

DEDUCTIONS
 Payments to Taxing Jurisdictions

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (Continued)

2. Fire

The Village of Waunakee and towns of Westport, Vienna and Springfield jointly operate the local fire district, which is called the Waunakee Fire District, and provides fire protection service. The communities share in the operation of the District based on equalized values. The governing body is made up of two trustees from the Village Board and one member from each Town Board and the presiding officer of the Fire Department. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village made payments totaling \$618,157 to the district for 2020. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2020 is \$1,258,797. Financial information of the district as of December 31, 2020 is available directly from the District's office.

3. Refuse

The Village of Waunakee, City of Middleton, and Village of Shorewood Hills jointly operate the local refuse district, which is called the Metropolitan Refuse District, and provides landfill services. The communities share in the operation of the District based on equalized values. The governing body is made up of citizens from each community. Local representatives are appointed by the board or council. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2020 is (\$315,275), which is based upon the most recent available financial information. Financial information of the district as of December 31, 2020 is available directly from the District's office.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

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. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Capital Improvement Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

TID No. 3 Capital Projects Fund

This fund is used to account for the project plan costs of the Village's TID No. 3.

TID No. 6 Capital Projects Fund

This fund is used to account for the project plan costs of the Village's TID No. 6.

The Village reports the following major enterprise funds:

Electric Utility Fund

This fund accounts for the operations of the Village's electric utility.

Water Utility Fund

This fund accounts for the operations of the Village's water utility.

Sewer Utility Fund

This fund accounts for the operations of the Village's sewer utility.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

The Village also reports the following fiduciary fund:

Custodial Fund

The custodial fund accounts for property taxes and special assessments and charges collected on behalf of other governments.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeitures and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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 Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village. Special charges not paid by January 31 are held in trust by the County and remitted to the Village, including interest, when collected by the County.

In addition to its levy, the Village also levies taxes for the Waunakee Community School District, Dane County and Madison Area Technical College.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. The municipal court receivable has been shown net of an allowance of \$22,252, which represents uncollectible accounts. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the water, sewer and electric utilities have the right by law to place delinquent bills on the tax roll.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

5. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirement.

6. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year for general capital assets and 25 years for infrastructure assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20 to 50
Improvements	10 to 50
Machinery and Equipment	4 to 50
Utility System	3 to 100
Infrastructure	25 to 50
Intangibles	10

9. Compensated Absences

Governmental Funds

Under terms of employment, employees are granted sick leave and vacation leave in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Compensated Absences (Continued)

Governmental Funds (Continued)

The Village provides postemployment health insurance benefits for all eligible employees. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Under the personnel handbook, employees hired prior to May 16, 2013, may convert unused sick leave up to 1,168 hours upon retirement to pay health insurance premiums. The conversion rate shall be the employee's hourly rate of pay at the time of retirement. Certain employees hired prior to May 16, 2013 have separate agreements which allows for a conversion of up to 1,188 hours at a rate of one and one-half times the employees rate of pay upon retirement. Employees hired after May 16, 2013 are not eligible for this benefit. Employees under the police union contract may convert 1,188 accumulated sick leave hours at a rate of one and one half the employees pay rate at the time of retirement for employees hired prior to January 1, 1986 and at straight time for employees hired after this date to pay for health care premiums.

Premiums paid for employees who have converted sick leave upon retirement are recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village through current year resources and a reserve account with a balance of \$1,290,415. Total costs for such benefits during 2020 were \$149,048. The number of participants currently eligible to receive benefits is five. The total amount outstanding at year-end to be paid in the future is \$353,399 and is included in the government wide statement of net position.

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. The amount of accumulated sick leave is \$937,016.

Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the village administrator to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week. Accumulated vacation, holiday, and other compensatory pay carryover as of December 31, 2020, is estimated to be \$134,545.

Proprietary Funds

Employees earn one day of sick leave per month and varying amounts of vacation annually. Employees may convert an unlimited amount of accumulated sick leave to pay for health insurance premiums upon retirement. Payments made in 2020 for postretirement benefits were not material. The estimated liability at December 31, 2020 is \$297,300.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Compensated Absences (Continued)

Proprietary Funds (Continued)

Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the utility general manager to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week. Accumulated vacation, holiday, and other compensatory pay carryover as of December 31, 2020, is estimated to be \$35,905.

All Funds

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

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

11. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. 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.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

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 postemployment 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.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Committed Fund Balance.** Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the Village board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village board that originally created the commitment.
 - **Assigned Fund Balance.** Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
 - **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.
- The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less 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.** Amount of net position that is subject to restrictions that are imposed 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.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements (Continued)

- Unrestricted Net Position. Net position that is neither classified as restricted nor as net investment in capital assets.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

B. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2020:

Funds	Deficit Fund Balance
TID No. 3	\$ 715,715
TID No. 5	1,158,526
TID No. 8	18,534
TID No. 9	42,600

The Village anticipates future revenues and tax increments will finance the deficits in the funds.

C. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2020 budget was 4.07%. The actual limit for the Village for the 2021 budget was 2.67%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and Investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$40,675,053 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$ 286,110
Deposits with Financial Institutions	27,612,900
Investments	
Corporate Bonds	6,168,446
State and Municipal Bonds	3,950,954
Federal Farm Credit Bureau	670,434
Negotiable Certificates of Deposit	1,442,514
Wisconsin Local Government Investment Pool	343,695
Total	<u>\$ 40,675,053</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	\$ 21,139,261
Cash and Investments	1,829,305
Restricted Cash and Investments	
Fiduciary Fund Statement of Net Position	
Custodial Fund	17,706,487
Total	<u>\$ 40,675,053</u>

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Corporate Bonds	\$ -	\$ 6,168,446	\$ -
State and Municipal Bonds	-	3,950,954	-
Federal Farm Credit Bureau	-	670,434	-
Negotiable Certificates of Deposit	-	1,442,514	-
Total	<u>\$ -</u>	<u>\$ 12,232,348</u>	<u>\$ -</u>

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)
 Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village's custodial credit policy requires the Village to minimize custodial credit risk by fully collateralizing all demand deposit accounts, including checking accounts and nonnegotiable certificates of deposit or obtaining a Federal Home Loan Bank irrevocable Letter of Credit equal to 100% (at market) of the funds on deposit.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2020, \$25,472,124 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,485,756 was collateralized with an irrevocable letter of credit in the name of the Village. \$16,015,147 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name. \$971,221 was not collateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village's credit risk policy will minimize credit risk by:

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk (Continued)

- Limiting investments to the types of securities purchased to allowable legal investments.
- Performing due diligence on the financial institutions, broker/dealers, intermediaries and advisers with which the Village of Waunakee will do business.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- Ensuring all investments held by an entity or its agent, or counterparty's trust department or agent, are held in the name of the Village.

Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from		Not Rated
		AAA	A+	
Corporate Bonds	\$ 6,188,446	\$ 268,441	\$ 5,101,222	\$ 788,785
State and Municipal Bonds	3,850,854	538,081	2,960,383	551,480
Federal Farm Credit Bureau	670,434	-	670,434	-
Negotiable Certificates of Deposit	1,442,514	-	-	1,442,514
Wisconsin Local Government Investment Pool	343,695	-	-	343,695
Totals	\$ 12,576,043	\$ 807,522	\$ 8,692,039	\$ 2,697,058

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village investment policy limits the exposure to interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio to less than 3 years.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

Investment Type	Amount	Remaining Maturity (In Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Corporate Bonds	\$ 6,188,446	\$ 1,264,544	\$ 686,811	\$ 4,037,091	\$ -
State and Municipal Bonds	3,850,854	1,370,802	628,819	1,950,333	-
Federal Farm Credit Bureau	670,434	-	-	670,434	-
Negotiable Certificates of Deposit	1,442,514	656,866	288,647	486,701	-
Wisconsin Local Government Investment Pool	343,695	343,695	-	-	-
Totals	\$ 12,576,043	\$ 3,635,907	\$ 1,795,577	\$ 7,154,559	\$ -

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. At December 31, 2020, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village holdings are as follows:

Issuer	Investment Type	Percent of Total Investments
Wells Fargo	Corporate Bond	6.2 %
West Pac	Corporate Bond	6.1

The Village has investments in the Wisconsin Local Government Investment Pool of \$343,695 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2020 totaled \$1,829,305 and consisted of cash and investments held for the following purposes:

Funds	Amount
Governmental Funds	
Park Reservation	\$ 46,053
Park Impact	460,508
Enterprise Funds	
Electric Utility	
Redemption Account	67,850
Reserve Account	280,867
Depreciation Account	29,608
Water Utility	
Redemption Account	114,637
Reserve Account	485,281
Depreciation Account	20,382
Sewer Utility	
Redemption Account	100,324
Reserve Account	172,605
Total	<u>\$ 1,829,305</u>
Park Reservation	Fees in lieu of park land that must be spent in accordance with local ordinances and state statutes. Funds may only be used for the purchase of park land.
Park Impact	Impact fees that must be spent in accordance with local ordinances and state statutes. Unspent funds must be refunded to the current property owner.
Redemption account	Segregated resources accumulated for debt service payment over the next twelve months.
Reserve account	Resources set aside to make up potential future deficiencies in the redemption account.
Depreciation account	Segregated resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 19,717,262	\$ 289,485	\$ -	\$ 20,006,747
Construction in Progress	178,117	178,117	-	356,234
Total Capital Assets, Nondepreciable	19,717,262	467,602	-	20,184,864
Capital Assets, Depreciable:				
Buildings and Improvements	30,089,543	-	-	30,089,543
Improvements Other Than Buildings	5,286,441	-	-	5,286,441
Equipment	6,715,972	700,894	388,188	7,027,578
Intangibles	28,460	-	-	28,460
Infrastructure	85,601,804	7,929,659	-	93,531,463
Subtotals	127,724,120	8,630,553	388,188	135,965,485
Less Accumulated Depreciation for:				
Buildings and Improvements	10,230,223	1,138,232	-	11,368,455
Improvements Other Than Buildings	2,381,756	194,935	-	2,576,691
Equipment	4,217,805	442,113	339,766	4,320,152
Intangibles	17,305	2,846	-	20,151
Infrastructure	36,725,749	2,746,636	-	39,472,385
Subtotals	53,572,838	4,524,762	339,766	57,757,834
Total Capital Assets, Depreciable, Net	74,151,282	4,105,791	49,422	78,207,651
Governmental Activities Capital Assets, Net	\$ 93,868,544	\$ 4,573,393	\$ 49,422	\$ 98,392,515
Less: Capital Related Debt				(33,212,555)
Less: Deferred Gain on Refunding				(763,313)
Less: Debt Premium				(1,031,342)
Net Investment in Capital Assets				<u>\$ 63,385,105</u>

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 532,269	\$ -	\$ -	\$ 532,269
Construction in Progress	169,199	355,441	160,956	363,681
Total Capital Assets, Nondepreciable	701,465	355,441	160,956	895,950
Capital Assets, Depreciable:				
Buildings and Improvements	5,551,316	-	-	5,551,316
Equipment	7,657,341	800,890	44,265	8,413,966
Infrastructure	60,488,463	3,286,660	466,947	63,308,376
Subtotals	73,697,120	4,087,750	511,212	77,273,658
Less Accumulated Depreciation for:				
Buildings and Improvements	2,301,262	132,830	-	2,434,092
Equipment	5,761,218	266,871	25,305	6,002,784
Infrastructure	18,046,759	1,550,402	385,518	19,211,642
Subtotals	26,109,239	1,850,103	410,823	27,648,518
Total Capital Assets, Depreciable, Net	47,587,882	2,137,647	100,389	49,625,140
Business-Type Activities Capital Assets, Net	\$ 48,289,347	\$ 2,453,086	\$ 261,345	\$ 50,521,090
Less: Capital Related Debt				(5,245,000)
Add: Deferred Charge on Refunding				67,430
Net Investment in Capital Assets				\$ 45,343,520

Depreciation expense was charged to functions of the Village as follows:

Governmental Activities	
General Government	\$ 51,638
Public Safety	251,179
Public Works	2,973,451
Health and Human Services	968
Culture and Recreation	1,244,906
Conservation and Development	2,620
Total Depreciation Expense - Governmental Activities	\$ 4,524,762
Business-Type Activities	
Electric Utility	\$ 967,639
Water Utility	596,577
Sewer Utility	282,879
Total Depreciation Expense - Business-Type Activities	1,857,095
Depreciation Charged to Operating Accounts	93,008
Total Increase in Accumulated Depreciation	\$ 1,950,103

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2020 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
Governmental Fund		
General	\$ 107,214	\$ 42,879
Enterprise Funds	23,145	107,214
Electric Utility	12,244	-
Water Utility	7,480	-
Wastewater Utility	150,093	150,093
Subtotal	461,707	403,678
Temporary Cash Advances to Finance	-	18,534
Operating Cash Deficits	-	39,495
Governmental Funds	461,707	461,707
General	-	-
TID No. 3	-	-
TID No. 8	-	-
TID No. 9	-	-
Subtotal	-	-
Long-Term Advances for Repayment of General Obligation Debt and Capital Projects		
Governmental Funds		
General	1,158,526	-
Equipment Replacement	311,040	-
TID No. 3	-	311,040
TID No. 5	-	1,158,526
Subtotal	1,469,566	1,469,566
Totals	\$ 2,081,356	\$ 2,081,356

The general fund is advancing funds to TID No. 5. The amount of the advance is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the TID district interest on the advance based on the average outstanding balance during the year at the rate of 5.61%. No repayment schedule has been established.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 914,656	\$ 773,881
Capital Improvements	710,000	45,000
Park Impact	-	3,500
Library	2,353	-
Senior Center	12,233	-
Village Center	87,152	-
Equipment Replacement	-	453,622
TID No. 2	453,622	-
TID No. 5	5,416	461,753
Electric Utility	927	448,402
Water Utility	-	-
Sewer Utility	799	-
Total	\$ 2,187,158	\$ 2,187,158

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Electric and Water Utility to General Fund	\$ 911,155
Transfer of Routes to Recovery funding to Utilities	7,143
Library Director Bonus	3,500
Tax Increment Sharing	453,622
Transfer of Revenues to Fund Authorized to Spend	811,738
Total	\$ 2,187,158

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2020.

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt	\$ 35,305,000	\$ 9,620,000	\$ 10,270,000	\$ 35,655,000	\$ 3,215,000
Bonds					
Notes from Direct Borrowings	108,724	925,000	25,226	1,008,548	114,542
State Trust Fund Loan	36,413,774	10,545,000	10,295,226	36,663,548	3,329,542
Total General Obligation Debt	36,413,774	11,470,000	10,520,452	37,363,322	3,444,084
Debt Premium	1,523,186	412,893	904,737	1,031,342	-
Capital Leases	10,153	-	10,153	-	-
Compensated Absences	1,447,898	357,284	390,333	1,424,860	244,484
Governmental Activities	\$ 39,395,112	\$ 11,825,187	\$ 11,600,449	\$ 39,119,850	\$ 3,974,036
Business-Type Activities:					
Revenue Bonds	\$ 5,985,000	\$ -	\$ 750,000	\$ 5,245,000	\$ 790,000
Compensated Absences	273,000	24,200	-	297,200	35,985
Business-Type Activities	\$ 6,258,000	\$ 24,200	\$ 750,000	\$ 5,563,500	\$ 826,000
Long-Term Obligations	\$ 45,653,112	\$ 11,849,387	\$ 12,350,449	\$ 45,152,037	\$ 4,800,036

Total interest paid during the year on long-term debt totaled \$1,150,949.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2020
State Trust Fund Loan	5/28/03	3/15/23	5.00%	\$ 365,931	\$ 83,546
General Obligation Bond	5/22/08	6/1/23	3.50 - 3.90%	1,330,000	335,000
General Obligation Bond	11/8/11	11/1/31	1.50 - 4.80%	1,345,000	945,000
General Obligation Bond	4/18/12	4/1/32	4.00%	13,245,000	1,040,000
General Obligation Bond	4/18/12	4/1/32	3.00 - 3.50%	1,385,000	1,205,000
General Obligation Bond	1/6/16	4/1/35	2.00 - 3.00%	6,085,000	4,935,000
General Obligation Bond	12/15/16	5/1/29	1.20 - 2.50%	2,920,000	2,505,000
General Obligation Bond	1/12/17	6/1/36	3.00 - 4.00%	8,855,000	6,025,000
General Obligation Bond	6/7/18	6/1/38	3.00 - 3.55%	925,000	7,045,000
State Trust Fund Loan	7/2/20	3/15/30	3.00%	925,000	925,000
General Obligation Bond	4/28/20	6/1/35	2.00 - 3.00%	8,620,000	9,620,000
Total Outstanding General Obligation Debt				\$ 36,653,548	\$ 36,653,548

The Village's outstanding notes from direct borrowings related to governmental activities of \$1,008,548 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$36,663,548 on December 31, 2020 are detailed below:

Year Ending December 31,	Governmental Activities				Totals
	Bonded Debt		Notes from Direct Borrowings		
	Principal	Interest	Principal	Interest	
2021	\$ 3,215,000	\$ 1,182,361	\$ 114,542	\$ 23,640	\$ 4,535,543
2022	3,560,000	916,738	110,221	27,961	4,614,920
2023	3,725,000	803,476	114,085	24,088	4,666,659
2024	2,755,000	703,665	87,357	20,146	3,566,168
2025	2,100,000	532,459	90,033	17,470	2,839,962
2026 - 2030	10,610,000	2,246,975	492,310	45,206	13,394,491
2031 - 2035	7,840,000	880,026	-	-	8,720,026
2036 - 2038	1,810,000	77,114	-	-	1,887,114
Total	\$ 35,655,000	\$ 7,452,814	\$ 1,009,546	\$ 158,521	\$ 44,274,883

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2020 was \$70,837,527, calculated as follows:

Equalized Valuation of the Village	\$ 2,150,021,500
Statutory Limitation Percentage	(3) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	107,501,075
Less: Total Outstanding General Obligation Debt Applicable to Debt Limitation	36,663,548
Legal Margin for New Debt	\$ 70,837,527

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Current Refunding

On April 29, 2020, the Village issued \$9,620,000 of general obligation corporate purpose bonds, Series 2020A, of which \$2,060,000 was used to refund \$2,170,000 of outstanding Series 2011A General Obligation Refunding Bonds. Additional resources of \$110,000 associated with the debt premium from the 2020A bonds were used in the refunding transaction. This refunding was undertaken to reduce total debt payments over the next eleven years by \$176,262 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$160,888.

An additional \$4,795,000 from Series 2020A was used to refund \$5,030,000 of outstanding Series 2012A General Obligation Refunding Bonds. Additional resources of \$235,000 associated with the debt premium from the 2020A bonds and existing resources were used in the refunding transaction. This refunding was undertaken to reduce total debt payments over the next twelve years by \$382,507 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$358,148.

Revenue Bonds

Revenue bonds outstanding on December 31, 2020 was comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
2011 Water and Light	1/27/11	10/1/25	0.80 - 3.20 %	\$ 3,845,000	\$ 2,015,000
2013 Water and Light	3/14/13	10/1/25	2.00 - 2.85 %	3,386,000	1,105,000
2013 Sewer Bonds	3/14/13	5/1/30	2.00 - 2.85 %	2,325,000	1,465,000
2016 Water and Light	9/1/16	10/1/26	1.50 - 2.00 %	1,000,000	530,000
Total Outstanding Revenue Bonds				\$ 5,245,000	

Annual principal and interest maturities of the outstanding revenue bonds of \$5,245,000 on December 31, 2020 are detailed below:

Year Ending December 31,	Business-Type Activities		Total
	Principal	Interest	
2021	\$ 790,000	\$ 127,192	\$ 917,192
2022	825,000	110,033	935,033
2023	865,000	91,231	956,231
2024	875,000	70,500	945,500
2025	790,000	48,420	778,420
2026 - 2030	1,160,000	66,985	1,226,985
Total	\$ 5,245,000	\$ 514,361	\$ 5,759,361

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Utility Revenues Pledged

The Village has pledged future customer revenues, net of specified operating expenses, to repay the water, electric and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The water and electric bonds are payable solely from customer net revenues and are payable through 2026. The total principal and interest remaining to be paid on the bonds is \$3,976,975. Principal and interest paid for the current year and total customer net revenues were \$707,963 and \$3,843,011, respectively. The sewer bonds are payable solely from customer net revenues and are payable through 2030. The total principal and interest remaining to be paid on the bonds is \$1,782,386. Principal and interest paid for the current year and total customer net revenues were \$185,141 and \$505,063, respectively.

Operating Lease

The Village has entered into a lease with the Waunakee Area Fire District for the portion of the Waunakee Public Safety Building that is occupied by the District. The lease period covers the period commencing January 1, 2020 and ending on December 31, 2020. The annual rental payment is \$35,000 for 2020 for the leased property.

Conduit Debt

The Village has approved the issuance of Community Development Authority Revenue Bonds (CDARB) for the benefit of a nonprofit organization. CDARB's are secured loan agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of CDARB's outstanding at the end of the year is approximately \$589,842, made up of the 2011 Community Development Authority Revenue Bonds.

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan

1. Postretirement Adjustments

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (860 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 WRS Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Employees who retire at or after age 65 (54 for protective occupation employees and 62 for elected officials and executive service retirement plan participants, if hired on or before December 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 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.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Postretirement Adjustments (Continued)

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.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Contributions

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

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

During the year ending December 31, 2020, the WRS recognized \$404,176 in contributions from the Village and \$101,641 from the Utilities.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives and Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55	10.55
Protective without Social Security	6.55	14.95

3. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Village reported an asset of \$1,071,721 and the Utilities reported an asset of \$279,709 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.03323728%, which was an increase of 0.00151565% from its proportion measured as of December 31, 2018. At December 31, 2019, the Utilities' proportion was 0.00867463%, which was a decrease of 0.00002765% from its proportion measured as of December 31, 2018.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2020, the Village recognized pension expense of \$405,568 and the Utilities reported pension expense of 102,069.

At December 31, 2020, the Village and Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Village of Waunakee	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,034,372	\$ 1,018,067
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	2,190,980
Changes in Assumptions	83,515	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,643	7,026
Employer Contributions Subsequent to the Measurement Date	404,176	-
Total	<u>\$ 2,528,706</u>	<u>\$ 3,216,073</u>
Waunakee Utilities		
Differences Between Expected and Actual Experience	\$ 530,951	\$ 265,705
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	571,825
Changes in Assumptions	21,796	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	131	4,239
Employer Contributions Subsequent to the Measurement Date	101,641	-
Total	<u>\$ 654,519</u>	<u>\$ 841,769</u>

\$404,176 reported as deferred outflows related to pension resulting from the Village's contributions and \$101,641 reported as deferred outflows related to pension resulting from the Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts related to the Village reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ending December 31,	Expense
2021	(324,592)
2022	(242,670)
2023	38,154
2024	(562,445)
Total	<u>\$ (1,091,543)</u>

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

Year Ending December 31,	Expense
2021	(86,936)
2022	(64,451)
2023	9,558
2024	(147,062)
Total	<u>\$ (288,891)</u>

4. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	3.0%
Inflation:	0.1% - 5.6%
Seniority/Merit:	Wisconsin 2018 Mortality Table
Mortality:	1.9%
Postretirement Adjustments*	

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Actuarial Assumptions (Continued)

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

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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class			
Global Equities	49.0 %	8.1 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Cash	(10.0)	0.9	N/A
Total Core Fund	100.0 %	7.5 %	4.6 %
Variable Fund Asset Class			
U.S. Equities	70.0 %	7.5 %	4.6 %
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0 %	7.8 %	4.9 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.00% 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 7.00% and a long-term bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 members 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.

Sensitivity of the Village's and Utilities' proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's and Utilities' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the Village's Utilities' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,759,874	\$ (1,071,721)	\$ (3,936,280)
Utilities' Proportionate Share of the Net Pension Liability (Asset)	720,302	(279,709)	(1,027,333)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://efr.wi.gov/publications/casfr.htm>.

5. Payables to the Pension Plan

At December 31, 2020, the Village reported a payable of \$66,515 and the Utilities reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits

Plan Description

The LRLIF is a cost-sharing, 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 postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFASB/PublicWeb/gasb75Local.do>.

Benefits Provided

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

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 postretirement 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 employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2020 are:

Coverage Type	Member Contribution
50% Postretirement Coverage	40% of member contribution
25% Postretirement Coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are listed below:

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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Contributions (Continued)

Attained Age	Life Insurance Member Contribution Rates*	
	Basic	Supplemental
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 benefits

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

During the reporting period, the LRLIF recognized \$3,140 in contributions from the Village and \$1,050 from the Utilities.

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

At December 31, 2020, the Village reported a liability of \$628,952 and the Utilities reported a liability of \$184,089 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. Each entity's proportion of the net OPEB liability was based on each entity's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.14770400%, which was an increase of 0.01266300% from its proportion measured as of December 31, 2018. At December 31, 2019, the Utility's proportion was 0.04323200%, which was a decrease of 0.00049000% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$79,393. For the year ended December 31, 2020, the Utilities recognized OPEB expense of \$19,704.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

OP&B Liabilities, OP&B Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OP&B (Continued)

At December 31, 2020, the Village and the Utilities reported deferred outflows of resources and deferred inflows of resources related to OP&B from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Village of Waunakee		
Differences Between Expected and Actual Experience	\$ -	\$ 28,175
Net Differences Between Projected and Actual Earnings on OP&B Plan Investments	11,864	-
Changes in Assumptions	232,023	69,180
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	68,509	-
Total	<u>\$ 312,396</u>	<u>\$ 97,355</u>

Waunakee Utilities

Differences Between Expected and Actual Experience	\$ -	\$ 8,246
Net Differences Between Projected and Actual Earnings on OP&B Plan Investments	3,473	-
Changes in Assumptions	67,912	20,249
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,605	8,350
Total	<u>\$ 79,990</u>	<u>\$ 36,845</u>

Amounts related to the Village reported as deferred outflows of resources and deferred inflows of resources related to OP&B will be recognized in OP&B expense as follows:

Year Ending December 31,	Expense
2021	\$ 37,844
2022	37,844
2023	36,564
2024	35,247
2025	29,530
Thereafter	38,012
Total	<u>\$ 215,041</u>

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

OP&B Liabilities, OP&B Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OP&B (Continued)

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

Year Ending December 31,	Expense
2021	\$ 7,542
2022	7,542
2023	7,168
2024	6,782
2025	4,855
Thereafter	9,256
Total	<u>\$ 43,145</u>

Actuarial assumptions. The total OP&B liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OP&B Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	3.00%
Inflation:	0.1% - 5.6%
Seniority/Merit:	Wisconsin 2018 Mortality Table
Mortality:	

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

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

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 Securitan, 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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45.0	2.12
U.S. Long Credit Bonds	Barclays Long Credit	5.0	2.90
U.S. Mortgages	Barclays MBS	50.0	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

Single discount rate. A single discount rate of 2.87% was used to measure the total OPEB liability, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. 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 proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the Village's and the Utilities' proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87%, as well as what the Village's and the Utilities' proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)		Current Discount Rate (2.87%)		1% Increase to Discount Rate (3.87%)	
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$	868,478	\$	628,952	\$	446,720
Utilities' Proportionate Share of the Net OPEB Liability (Asset)		254,198		184,089		130,752

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://eif.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

At December 31, 2020, the Village reported a payable of \$-0- and the Utilities reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2020.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2020, nonspendable fund balance was as follows:

General Fund	
Nonspendable:	
Prepaid Items	\$ 391,747
Advances to Other Funds	1,159,526
Total General Fund Nonspendable Fund Balance	<u>\$ 1,550,273</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for:	
Park Reservation	\$ 46,053
Park Impact	490,508
Library	60,773
Senior Center	451,300
Community Development	25,183
Total Special Revenue Funds	<u>1,073,817</u>

Debt Service Fund	
Restricted for:	
Retirement of Long Term Debt	706,555

Capital Project Funds

Restricted for:	
TIF Expenditures	1,039,570
Capital Projects	491,167
Total Capital Project Funds	<u>1,530,737</u>

Total Restricted Fund Balance

\$ 3,311,109

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of governmental fund balances are committed by Village Board action. At December 31, 2020, governmental fund balance was committed as follows:

Special Revenue Funds	
Committed for:	
Senior Center	\$ 10,247
Senior Center Fundraising	6,691
Village Center	287,139

Capital Improvements Fund

Committed for:	
Equipment Replacement	688,414
Capital Improvements	1,765,921

Total Committed Fund Balance

\$ 2,768,412

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

General Fund	
Assigned for:	
Reassessment	\$ 112,134
Elections	135,963
Waunaboom	32,062
Creative Economy Initiatives	8,692
Canine Program	5,927
Library Fountain Maintenance	1,446
UniverCity Program	10,000
Deputy Administrator Training	2,000
Social Media Public Records Archiving Service Set-Up	500
Administrator Graduate Intern	6,240
IT Security Updates	11,326
Library Donations to be Used to Pay Down STFL	12,015
Police Officer Wellness Program	8,000
Reeve Park/Depot Repairs and Improvements	19,500
Village Board Strategic Planning	8,842
Organizational Staffing Study	5,700
Joint Venture Stabilization	200,000
Parks Non-Lapsing Fund	43,168
Fund Balance applied to 2021 Budget	740,135
Accumulated Sick Leave Conversion	1,290,415
Total	<u>\$ 2,654,066</u>

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 20 - 25% of subsequent year's general fund budgeted expenditures. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Subsequent Year Budgeted General Fund Expenditures	\$ 10,588,399
Minimum Fund Balance %	(x) 20 - 25%
Minimum Fund Balance Amount	<u>\$ 2,117,680 - 2,647,100</u>

The Village's unassigned general fund balance of \$3,075,303 is above the minimum fund balance amount.

Net Position

The Village reports restricted net position at December 31, 2020 as follows:

Governmental Activities	
Restricted for:	
Park Reservoir	\$ 46,053
Park Impact	490,508
Library	80,773
Senior Center	451,300
Community Development	25,183
TIF Expenditures	1,039,570
Pension	1,074,721
Long Term Debt	<u>402,069</u>
Total Governmental Activities	3,587,177
Restricted Net Position	
Business-Type Activities	
Restricted for:	
Debt Redemption Account	253,743
Depreciation Account	50,000
Pension	<u>279,708</u>
Total Business-Type Activities	583,452
Restricted Net Position	
Total Restricted Net Position	<u>\$ 4,170,629</u>

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The Village has established separate capital projects funds for Tax Incremental Financing District (TID) Nos. 2, 3, 4, 5, 6, 7, 8, and 9 which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIDs were created, the property tax base within the TIDs was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village's TIDs are still eligible to incur project costs.

Since creation of the above TIDs, the Village has provided various financing sources to the TIDs. The foregoing amounts are not recorded as liabilities in the TID capital project funds but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2020, the Village can recover \$13,505,805 from future excess tax increment revenues of the following:

	Recoverable
	(Over-recovered)
	Costs
TID No. 2	-
TID No. 3	2,655,715
TID No. 4	191,360
TID No. 5	2,643,526
TID No. 6	6,972,902
TID No. 7	(93,832)
TID No. 8	1,093,534
TID No. 9	<u>42,600</u>

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TIDs. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination
	Year
TID No. 2	2023
TID No. 3	2023
TID No. 4	2029
TID No. 5	2031
TID No. 6	2035
TID No. 7	2044
TID No. 8	2046
TID No. 9	2039

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Abatements

The Village has created tax incremental financing districts (the Districts) in accordance with Wisconsin State Statute 66.1105, Tax Increment Law. As part of the project plan for the Districts, the Village entered into agreements with developers for a creation of tax base within the Districts. The agreements require the Village to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2020, the Village abated property taxes totaling \$584,611 under this program, including the following tax abatement agreement:

- \$23,296 to a developer for acquiring property and constructing a building.
- \$14,429 to a developer for expansion of a facility.
- \$102,569 to a developer for acquiring property and constructing a building.
- \$74,418 to a developer for acquiring property and constructing a building.
- \$252,000 to a developer for infrastructure additions.
- \$49,637 to a developer for acquiring property and renovating a building.
- \$68,262 to a developer for acquiring property and constructing a building.

C. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. No settlements exceeded insurance coverage during any of the past three fiscal years.

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Village, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the Village is taking the appropriate actions to mitigate the negative impact. However the full impact of COVID-19 is unknown and cannot be reasonably estimates as of June 9, 2021.

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VILLAGE OF WAUNAKEE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies

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

As stated in Note 1.B.3, the Village jointly operates a municipal landfill district (district). The district's most recent information is as of December 31, 2019. At that date, the fund balance was in a deficit position (\$836,850). Reporting standards require the Village to report its share of any net deficit. The Village's proportionate share in the operations of the landfill is approximately 38%, which as of December 31, 2020 amounts to \$315,275 of the district's net deficit which is based upon the most recent available financial information. The Village's proportionate share of the budget for 2021 is \$62,700.

Purchased Power Contract

Waunakee Utilities is one of 51 WPPI member municipalities located throughout the State of Wisconsin, Michigan and Iowa. On December 31, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility for an initial thirty-five-year term. The contract was amended during 2002 and subsequently during 2015 to extend the term of the contract through 2055.

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

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VILLAGE OF WAUNAKEE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies (Continued)

Purchased Power Contract (Continued)

The long-term contract may be terminated by either party upon five years' prior written notice effective at the end of the initial thirty-five-year term, or at any other time thereafter, provided that no WPPJ bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPJ Energy for distribution to its customers. Total purchases under this arrangement amounted to approximately \$9.5 million in 2020.

E. Enterprise Funds - Significant Customers

During 2020, one customer was billed \$495,182 by the sewer utility. This represents 17% of the sewer utility operating revenue. No other utility customer accounted for more than 10% of operating revenue.

F. Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. However, in May 2020, Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* was issued which changes GASB No. 87 to be effective for reporting periods beginning after June 15, 2021. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

VILLAGE OF WAUNAKEE, WISCONSIN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL — GENERAL FUND
 YEAR ENDED DECEMBER 31, 2020

	Original	Budget	Final	Actual	Variance Final Budget - Positive (Negative)
REVENUES					
Taxes	\$ 6,033,844	\$ 6,033,844	\$ 6,053,717	\$ 6,053,717	19,873
Intergovernmental	1,428,774	1,489,436	1,763,791	1,763,791	264,355
Licenses and Permits	289,845	363,171	428,161	428,161	65,990
Fines and Forfeits	61,160	61,150	53,313	53,313	(7,837)
Public Charges for Services	706,190	772,926	1,186,691	1,186,691	423,765
Intergovernmental Charges					
for Services	84,500	84,500	105,187	105,187	10,687
Miscellaneous	453,454	20,464	545,621	545,621	344,157
Total Revenues	8,553,754	8,026,461	10,147,461	10,147,461	1,121,000
EXPENDITURES					
Current					
General Government:					
Village Board	87,214	105,177	105,177	87,274	17,903
Municipal Court	124,460	124,460	113,389	113,389	11,071
Legal	57,500	70,888	70,888	70,888	-
Administrator	212,113	216,353	197,811	197,811	18,542
Clerk	227,445	227,445	205,423	205,423	22,022
Elections	65,000	241,782	117,827	117,827	123,955
Network Administration	12,258	29,205	29,205	29,205	-
Assessor	68,287	153,421	42,395	42,395	111,026
Finance	365,387	368,335	368,335	368,335	-
Village Hall	87,038	87,646	87,646	87,646	-
Consistency	37,975	70,475	70,475	70,475	-
Uncollectible Receivables		7,392	7,392	7,392	-
Risk Management	196,070	196,070	183,053	183,053	3,007
Other	2,880	4,238	4,238	4,238	-
Total General Government	1,951,835	1,912,817	1,534,853	1,534,853	377,954
Public Safety:					
Police	3,007,264	3,007,264	2,953,104	2,953,104	154,160
Fire Protection	605,884	620,657	620,657	620,657	-
Ambulance	278,600	278,600	278,600	278,600	-
Inspections	119,593	180,414	180,414	180,414	-
Emergency Management		317	317	317	-
Total Public Safety	4,013,229	4,086,252	3,934,092	3,934,092	154,160
Public Works:					
Engineering	411,280	415,185	415,185	415,185	-
Street Maintenance	577,884	700,558	700,558	700,558	(2)
Snow and Ice Control	304,072	216,845	180,847	180,847	36,199
Public Works Facility	43,027	43,027	34,239	34,239	6,788
Street Lighting	144,000	144,000	141,320	141,320	2,680
Sidewalks	1,000	1,000	-	-	1,000
Stormwater	71,280	71,280	46,829	46,829	25,351
Garbage and Refuse	482,620	489,356	489,356	489,356	-
Recycling	321,056	332,224	332,224	332,224	-
Weed Control Services	500	500	75	75	425
Total Public Works	2,356,718	2,413,675	2,339,534	2,339,534	74,441

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VILLAGE OF WAUNAKEE, WISCONSIN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020

	Original	Budget	Final	Actual	Variance Final Budget - Positive (Negative)
EXPENDITURES (Continued)					
Culture and Recreation:					
Library	\$ 1,320,480	\$ 1,320,480	\$ 1,287,749	\$ 1,287,749	22,731
Parks	474,825	474,688	407,835	407,835	66,853
WaunaBoom	20,000	15,318	15,318	15,318	-
Forestry	31,419	31,419	31,419	31,419	-
Cable TV	9,886	9,886	2,866	2,866	7,020
Other	500	1,272	1,272	1,272	-
Total Culture and Recreation	1,825,691	1,853,043	1,756,559	1,756,559	96,484
Conservation and Development					
Total Expenditures	219,233	219,914	695,809	695,809	(385,895)
	9,570,507	10,489,101	10,170,957	10,170,957	317,144
	(1,136,753)	(1,461,610)	(23,666)	(23,666)	1,438,144
EXCESS OF REVENUES UNDER EXPENDITURES					
OTHER FINANCING SOURCES					
Tenneco JV	870,083	870,083	870,083	914,856	44,553
Transfers In	(265,000)	(778,861)	(778,861)	(778,861)	-
Total Other Financing Sources	377,083	95,212	95,212	140,773	44,553
NET CHANGE IN FUND BALANCE	(559,860)	(1,365,398)	117,309	117,309	1,482,707
Fund Balances - Beginning of Year	7,162,332	7,162,332	7,162,332	7,162,332	-
FUND BALANCE - END OF YEAR	\$ 6,602,672	\$ 5,796,934	\$ 7,279,641	\$ 7,279,641	\$ 1,482,707

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**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Village of Waunakee		Proportionate Share of the Net Pension Liability (Asset)		Proportionate Share of the Net Pension Liability (Asset)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	
Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.02851252%	\$ (700,345)	\$ 3,382,014	20.71 %	102.74 %		
12/31/15	0.02820314%	458,296	3,505,954	13.07	98.20		
12/31/16	0.02845406%	234,529	3,659,081	6.41	98.12		
12/31/17	0.02988733%	(887,687)	3,961,612	22.41	102.93		
12/31/18	0.03172163%	1,128,556	4,252,603	26.54	96.45		
12/31/19	0.03323728%	(1,071,721)	4,487,357	23.88	102.86		

Waunakee Utilities		Proportionate Share of the Net Pension Liability (Asset)		Proportionate Share of the Net Pension Liability (Asset)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	
Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00793881%	\$ (194,998)	\$ 1,106,688	17.59 %	102.74 %		
12/31/15	0.00815094%	132,451	1,217,988	10.87	98.20		
12/31/16	0.00840853%	69,306	1,263,667	5.48	98.12		
12/31/17	0.00876072%	(260,116)	1,330,336	19.55	102.93		
12/31/18	0.00870228%	309,599	1,293,685	23.93	96.45		
12/31/19	0.00867463%	(278,709)	1,385,960	20.18	102.86		

See Notes to Required Supplementary Information. (79)

**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Village of Waunakee		Contributions in Relation to the Contractually Required Contributions		Contributions in Relation to the Contractually Required Contributions		Contributions as a Percentage of Covered Payroll	
Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll		
12/31/15	\$ 271,905	\$ 271,905	\$ -	\$ 3,505,954	7.76 %		
12/31/16	280,004	280,004	-	3,659,081	7.65		
12/31/17	324,080	324,080	-	3,961,612	8.18		
12/31/18	351,388	351,388	-	4,252,603	8.26		
12/31/19	393,096	363,096	-	4,487,358	8.09		
12/31/20	404,176	404,176	-	4,907,390	8.24		

Waunakee Utilities		Contributions in Relation to the Contractually Required Contributions		Contributions in Relation to the Contractually Required Contributions		Contributions as a Percentage of Covered Payroll	
Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll		
12/31/15	\$ 82,823	\$ 82,823	\$ -	\$ 1,217,988	6.80 %		
12/31/16	83,402	83,402	-	1,263,667	6.60		
12/31/17	90,463	90,463	-	1,330,337	6.80		
12/31/18	92,028	92,028	-	1,293,686	7.11		
12/31/19	90,781	90,781	-	1,385,961	6.55		
12/31/20	101,641	101,641	-	1,505,794	6.75		

See Notes to Required Supplementary Information. (80)

**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

Village of Waunakee

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset)	
				Proportionate Share of the Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.12507500%	\$ 376,288	3,961,612	9.50 %	44.81 %
12/31/18	0.13504100%	348,451	3,738,000	9.32	48.69
12/31/19	0.14770400%	628,952	4,309,000	14.60	37.58

Waunakee Utilities

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset)	
				Proportionate Share of the Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.04698600%	\$ 141,380	1,330,336	10.63 %	44.81 %
12/31/18	0.04274200%	110,286	1,253,686	8.53	48.69
12/31/19	0.04323200%	184,089	1,385,961	13.28	37.58

See Notes to Required Supplementary Information.

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**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

Village of Waunakee

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/17	\$ 2,608	2,608	\$ -	4,252,603	0.06 %
12/31/18	2,931	2,931	-	4,487,358	0.07
12/31/19	3,140	3,140	-	4,907,390	0.06

Waunakee Utilities

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 826	826	\$ -	1,293,686	0.06 %
12/31/19	831	831	-	1,385,961	0.06
12/31/20	1,050	1,050	-	1,505,784	0.07

See Notes to Required Supplementary Information.

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VILLAGE OF WAUNAKEE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

NOTE 1 WISCONSIN RETIREMENT SYSTEMS

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

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

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefits terms for any participating employer in the LRLIF.

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin retirement System (WRS) experience from 2015 – 2017 and the discount rate was updated to reflect the municipal bond rate at the completion of the actuarial valuation.

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

VILLAGE OF WAUNAKEE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Equipment Replacement	Library Building	TID No. 2	TID No. 4	TID No. 5	TID No. 7	TID No. 8	TID No. 9	Total
	\$ 391,469	\$ -	\$ -	\$ 154,298	\$ -	\$ 83,032	\$ -	\$ -	\$ 1,488,316
	340,000	-	438,874	112,445	547,897	108,232	387,050	-	2,897,937
	311,040	-	-	-	-	-	-	-	25,247
	\$ 1,042,509	\$ -	\$ 438,874	\$ 266,743	\$ 547,897	\$ 203,064	\$ 387,050	\$ -	\$ 5,288,551

	Peak Reservation	Peak Impact	Library	Senior Center	Senior Center Fundraising	Village Center	Community Development
	\$ 48,053	\$ 480,508	\$ 61,817	\$ 483,888	\$ 8,931	\$ 280,670	\$ 25,183
	-	-	-	484,283	-	800,788	-
	-	-	-	-	-	25,247	-
	\$ 48,053	\$ 480,508	\$ 61,817	\$ 868,271	\$ 8,931	\$ 926,713	\$ 25,183

	Equipment Replacement	Library Building	TID No. 2	TID No. 4	TID No. 5	TID No. 7	TID No. 8	TID No. 9	Total
	\$ 4,125	\$ -	\$ -	\$ 658	\$ -	\$ -	\$ -	\$ 3,105	\$ 40,489
	-	-	-	-	1,159,828	-	18,534	39,489	59,028
	4,125	-	-	658	1,159,828	-	18,534	42,800	1,257,044
	340,000	-	438,874	112,445	547,897	108,232	387,050	-	2,897,937
	688,414	-	-	153,640	-	93,832	-	-	1,331,296
	688,414	-	-	153,640	(1,159,828)	93,832	(18,534)	(42,800)	(1,218,650)
	\$ 1,042,509	\$ -	\$ 438,874	\$ 266,743	\$ 547,897	\$ 203,064	\$ 387,050	\$ -	\$ 5,288,551

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CJA (CliftonLarsonAllen LLP)
CJAconnected.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE**

To the Village Board
Village of Waunakee, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Waunakee, Wisconsin, (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.



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To the Village Board
 Village of Waunakee, Wisconsin

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *Department of Health Services Audit Guide*.

Village of Waunakee's Response to Finding

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Department of Health Services Audit Guide* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
 Wausau, Wisconsin
 June 9, 2021

**VILLAGE OF WAUNAKEE, WISCONSIN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2020**

CFDA Number	Pass-Through Agency	Pass-Through Entity (Identifying Number)	Account) Federal Revenue (US\$)	Account) Federal Revenue (US\$)	Accrued Revenue (US\$)	Accrued Revenue (US\$)	Subtotal
U.S. DEPARTMENT OF JUSTICE Bulldozers and Tractor Program	0607	NA	1,313	1,313	-	-	1,313
Total U.S. Department of Justice			1,313	1,313	-	-	1,313
U.S. DEPARTMENT OF TREASURY Continuing PAFID Fund	2108	NA	248,154	248,154	-	-	248,154
Continuing PAFID Fund	2108	NA	19,381	19,381	-	-	19,381
Total U.S. Department of Treasury			267,535	267,535	-	-	267,535
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Special Programs for the Aging, Title III, Part C Subsets Services	9356	Ohio County Department of Human Services	14,657	14,657	-	-	14,657
Ohio County Department of Human Services			14,657	14,657	-	-	14,657
Total U.S. Department of Health and Human Services			14,657	14,657	-	-	14,657
Total Expenditures of Federal Awards			283,505	283,505	-	-	283,505

The Notes to the Schedules of Expenditures of Federal and State Awards are an integral part of this schedule.

**VILLAGE OF WAUNAKEE, WISCONSIN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Village are presented in accordance with the requirements of the *Department of Health Services Audit Guide*.

The schedules of expenditures of federal and state awards include all federal and state awards of the Village. Because the schedules present only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the Village's 2020 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the Village in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded Village expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The Village has not elected to charge a de minimis rate of 10% of modified total costs.

**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2020**

Grant/Agreement/Program Title	Grant Number	Fed. Through Agency	Fed. Through Entity Number	(Accrued) Deferred Revenue	Cash Received (Reimbursed)	(Accrued) Deferred Revenue	Total Expenditures	Subsequent Payment
DEPARTMENT OF NATURAL RESOURCES								
Reporting Grants to Responsible Units	370 637	Direct Program	NA	\$ -	\$ 28,384	\$ 25,000	\$ 25,000	\$ -
	270 870	Direct Program	NA	\$ -	\$ 28,384	\$ 25,000	\$ 28,384	\$ -
				\$ -	\$ 56,768	\$ 50,000	\$ 53,384	\$ -
Total Department of Natural Resources				\$ -	\$ 56,768	\$ 50,000	\$ 56,768	\$ -
Total State Programs				\$ -	\$ 56,768	\$ 50,000	\$ 56,768	\$ -

The Notes to the Schedules of Expenditures of Federal and State Awards are an integral part of this schedule.

VILLAGE OF WAUNAKEE, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2020

VILLAGE OF WAUNAKEE, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? Yes No
 - Were significant deficiency(ies) identified not considered to be a material weakness(es)? None reported
3. Noncompliance material to basic financial Statements, or to the provisions of the Department of Health Services Audit Guide noted? Yes No

Section II – Financial Statement Findings


FINDING NO.	CONTROL DEFICIENCIES
2020-001	Segregation of Duties Repeat of Finding 2019-001
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	The Village has a limited number of employees to essentially complete all financial and recordkeeping duties of the Village. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the Village does not have proper segregation of duties over financial procedures and transactions.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Village Board continue to monitor the transactions and the financial records of the Village.
Views of responsible officials:	Refer to management's corrective action plan.

Section III – Federal and State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under the Department of Health Services Audit Guide for the year ended December 31, 2020.

**VILLAGE OF WAUNAKEE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section IV – Other Issues

- | | |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial, noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Health Services | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. Name and signature of partner | 
Jon Trafletman, CPA |
| 5. Date of report | June 9, 2021 |

FORM OF LEGAL OPINION

(See following pages)

511 North Broadway, Suite 1100
Milwaukee, WI 53202
Phone: 414-273-2100
Fax: 414-223-5000

May 18, 2022

\$3,535,000
Village of Waunakee
Dane County, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2022A

We have acted as bond counsel in connection with the issuance by the Village of Waunakee, Dane County, Wisconsin (the “Village”), of its \$3,535,000 General Obligation Corporate Purpose Bonds, Series 2022A, dated May 18, 2022 (the “Bonds”). We have examined the law and a certified copy of the proceedings of record of the Village preliminary to and in connection with the issuance of the Bonds, as well as other documents and records which we have deemed necessary to render this opinion.

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

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

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

2. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”) on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the

date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Very truly yours,

HUSCH BLACKWELL LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE AGREEMENT

(See following pages)

\$3,535,000*
Village of Waunakee
Dane County, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2022A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is executed and delivered by the Village of Waunakee, Dane County, Wisconsin (the “Village”), in connection with the issuance of \$3,535,000 General Obligation Corporate Purpose Bonds, Series 2022A (the “Bonds”). The Bonds are being issued pursuant to the resolutions adopted by the Village Board on April 4, 2022 and May 2, 2022 (the “Resolutions”). The Village covenants and agrees as follows:

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

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

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

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

“Bondholder” shall mean the registered owner or beneficial owner of any of the Bonds.

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

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

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

* Preliminary; subject to change

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

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

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

“Official Statement” shall mean the final official statement dated May ____, 2022 delivered in connection with the Bonds, which is available from the MSRB.

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Village shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the Village’s Fiscal Year in each year, commencing with the Fiscal Year ending December 31, 2022 provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Village shall provide the Annual Report to the Dissemination Agent, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Continuing Disclosure Agreement; provided that the Audited Financial Statements of the Village may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to each Repository as soon as available by the Village.

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

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

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

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

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

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

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

Section 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

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

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

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, we have executed this Continuing Disclosure Agreement in our official capacities effective May 18, 2022.

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

[SEAL]

By: _____
Chris Zellner, Village President

By: _____
Karla Endres, Village Clerk

[Signature Page of Continuing Disclosure Agreement]
Village of Waunakee, Dane County, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2022A

NOTICE OF SALE

**\$3,535,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2022A
VILLAGE OF WAUNAKEE, WISCONSIN**

Bids for the purchase of \$3,535,000* General Obligation Corporate Purpose Bonds, Series 2022A (the "Bonds") of the Village of Waunakee, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on May 2, 2022, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Trustees for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for public purposes including financing the Village’s annual parks improvement projects, street improvement projects and building improvements . The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated May 18, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$190,000	2030	\$220,000	2036	\$210,000
2025	160,000	2031	220,000	2037	235,000
2026	165,000	2032	225,000	2038	220,000
2027	165,000	2033	190,000	2039	240,000
2028	165,000	2034	170,000	2040	225,000
2029	170,000	2035	170,000	2041	195,000

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after June 1, 2031 shall be subject to optional redemption prior to maturity on June 1, 2030 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about May 18, 2022, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$3,490,812, nor more than \$3,888,500, plus accrued interest on the principal sum of \$3,535,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of \$70,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

(a) The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Village under this Notice of

Sale to establish the issue price of the Bonds may be taken on behalf of the Village by the Village's municipal advisor identified herein and any notice or report to be provided to the Village may be provided to the Village's municipal advisor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Board of Trustees

Renee Meinholz, Finance Director
Village of Waunakee, Wisconsin

BID FORM

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

May 2, 2022

RE: \$3,535,000* General Obligation Corporate Purpose Bonds, Series 2022A (the "Bonds")
DATED: May 18, 2022

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$3,490,812, nor more than \$3,888,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2024	_____ % due 2030	_____ % due 2036
_____ % due 2025	_____ % due 2031	_____ % due 2037
_____ % due 2026	_____ % due 2032	_____ % due 2038
_____ % due 2027	_____ % due 2033	_____ % due 2039
_____ % due 2028	_____ % due 2034	_____ % due 2040
_____ % due 2029	_____ % due 2035	_____ % due 2041

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

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

A good faith deposit ("Deposit") in the amount of \$70,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 18, 2022.

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

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

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

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

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

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 18, 2022 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the Board of Trustees of the Village of Waunakee, Wisconsin, on May 2, 2022.

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