

PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2025

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 excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the 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)

\$4,940,000* WATER AND ELECTRIC SYSTEM REVENUE BONDS, SERIES 2025A

BID OPENING: June 2, 2025, 10:30 A.M., C.T.

CONSIDERATION: June 2, 2025, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,940,000* Water and Electric System Revenue Bonds, Series 2025A (the "Bonds") are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the Village of Waunakee, Wisconsin (the "Village"), for public purposes, including paying the cost of construction, improvements, extensions and additions to the Village's Water System and professional and financing fees. The Bonds are not general obligations of the Village, but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Water and Electric System (the "Utility System"). Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

DATE OF BONDS: June 18, 2025

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$90,000	2036	\$245,000
2027	\$175,000	2037	\$255,000
2028	\$180,000	2038	\$265,000
2029	\$190,000	2039	\$280,000
2030	\$195,000	2040	\$290,000
2031	\$200,000	2041	\$305,000
2032	\$210,000	2042	\$320,000
2033	\$220,000	2043	\$335,000
2034	\$225,000	2044	\$355,000
2035	\$235,000	2045	\$370,000

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

OPTIONAL REDEMPTION: Bonds maturing on May 1, 2036 and thereafter are subject to call for prior optional redemption on May 1, 2035 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$4,878,250.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$98,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Village officials, a bank or trust company, selected by the Village.

BOND COUNSEL: Husch Blackwell LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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



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REPRESENTATIONS

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

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this 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 Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (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 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>
Kristin Runge	Village President	April 2027
Nila Frye	Village Trustee	April 2026
Jack Heinemann	Village Trustee	April 2027
Sam Kaufmann	Village Trustee	April 2027
Erin Moran	Village Trustee	April 2026
Chris Zellner	Village Trustee	April 2027
Joe Zitzelsberger	Village Trustee	April 2026

ADMINISTRATION

Todd Schmidt, Village Administrator

Renee Meinholz, Finance Director

Karla Endres, Village Clerk

Tim Herlitzka, General Manager

PROFESSIONAL SERVICES

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

Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of Waunakee, Wisconsin (the "Village") and the issuance of its \$4,940,000* Water and Electric System Revenue Bonds, Series 2025A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Village Board on June 2, 2025.

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

THE 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 June 18, 2025. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2026, 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, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after May 1, 2036 shall be subject to optional redemption prior to maturity on May 1, 2035 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 Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the Village, for public purposes, including paying the cost of construction, improvements, extensions and additions to the Village's Water System and professional and financing fees.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$4,940,000	
Planned Issuer Equity Contribution	391,798	
Estimated Interest Earnings	<u>87,858</u>	
Total Sources		\$5,419,656

Uses

Estimated Underwriter's Discount	\$61,750	
Costs of Issuance	84,900	
Deposit to Debt Service Reserve Fund	391,798	
Deposit to Project Construction Fund	4,881,000	
Rounding Amount	<u>208</u>	
Total Uses		\$5,419,656

*Preliminary, subject to change.

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the resolution awarding the sale of the Bonds (the "Award Resolution"), which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE VILLAGE BUT ARE payable only from and secured by a pledge of income and revenue to be derived from the operation of the Utility System.

The Village pledges a first lien on the net revenues of the Utility System for payment of principal of and interest on the Bonds after payment of operation and maintenance expenses.

Rate Covenant: The Village covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Utility System so that net revenues (i.e. gross revenues derived from said rates and charges less all costs of operation and maintenance, exclusive of debt service, depreciation, or local tax equivalents)

will be at least 1.25 times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenues of the Utility System each year.

Additional Bonds Test: The Village reserves the right and privilege to issue additional revenue bonds, from time to time, payable from Utility System revenues and ranking on a parity with any outstanding Utility System revenue bonds. Before such additional parity bonds are issued, the Village must demonstrate that the net revenues of the Utility System during the fiscal year next preceding the issuance of such additional revenue bonds were equal to at least 1.25 times the highest annual amount that will be required in any fiscal year for principal and interest on all outstanding bonds and the bonds then proposed to be issued.

Service to Village: The Village is to pay the reasonable cost and value of any services rendered to the Village by the Utility System equal to the lesser of the maximum annual debt service amount or such part thereof as may be necessary from year to year to produce net revenues equivalent to not less than 1.25 times the annual debt service requirements on the Bonds and any other outstanding parity bonds. Such payment by the Village is subject to annual appropriation by the Village Board and other conditions set forth in the Award Resolution.

Bond Reserve Account: The Village covenants to establish and maintain a Reserve Account in an amount equal to the least of (a) 10% of the proceeds of the Bonds, (b) maximum annual debt service on the Bonds; or (c) 125% of average annual debt service on the Bonds. Upon issuance of the Bonds, an amount necessary to make the amount on deposit in the Reserve Account equal to the reserve requirement will be deposited in the Reserve Account. The Reserve Account requirement will be \$391,797.50.

UTILITY SYSTEM REVENUE DEBT OUTSTANDING

On May 5, 2025, the Village Board adopted a “Resolution Authorizing Redemption of Waterworks and Electric System Mortgage Revenue Bonds, Series 2011, Series 2013A and Series 2016B.” The Village will redeem all outstanding Utility System debt on June 11, 2025 prior to closing on the Bonds.

HISTORIC UTILITY SYSTEM DEBT SERVICE COVERAGES¹

The exhibit on the Page 5 presents the three-year historic debt service coverages of the Utility System.

¹ On May 5, 2025, the Village Board adopted a “Resolution Authorizing Redemption of Waterworks and Electric System Mortgage Revenue Bonds, Series 2011, Series 2013A and Series 2016B.” The Village will redeem all outstanding Utility System debt on June 11, 2025 prior to closing on the Bonds.

Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric and Water Revenues
(As of 06/18/2025)

Water and Electric System Revenue Bonds Series 2025A								2024 Net Revenue Available for Debt Service**	
Dated Amount	06/18/2025 \$4,940,000*							\$4,214,782	
Maturity	05/01								
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	Coverage
2025	0	0	0	0	0	4,940,000	.00%	2025	0
2026	90,000	289,741	90,000	289,741	379,741	4,850,000	1.82%	2026	11.10
2027	175,000	206,554	175,000	206,554	381,554	4,675,000	5.36%	2027	11.05
2028	180,000	200,341	180,000	200,341	380,341	4,495,000	9.01%	2028	11.08
2029	190,000	193,772	190,000	193,772	383,772	4,305,000	12.85%	2029	10.98
2030	195,000	186,783	195,000	186,783	381,783	4,110,000	16.80%	2030	11.04
2031	200,000	179,475	200,000	179,475	379,475	3,910,000	20.85%	2031	11.11
2032	210,000	171,775	210,000	171,775	381,775	3,700,000	25.10%	2032	11.04
2033	220,000	163,539	220,000	163,539	383,539	3,480,000	29.55%	2033	10.99
2034	225,000	154,804	225,000	154,804	379,804	3,255,000	34.11%	2034	11.10
2035	235,000	145,544	235,000	145,544	380,544	3,020,000	38.87%	2035	11.08
2036	245,000	135,703	245,000	135,703	380,703	2,775,000	43.83%	2036	11.07
2037	255,000	125,289	255,000	125,289	380,289	2,520,000	48.99%	2037	11.08
2038	265,000	114,302	265,000	114,302	379,302	2,255,000	54.35%	2038	11.11
2039	280,000	102,609	280,000	102,609	382,609	1,975,000	60.02%	2039	11.02
2040	290,000	90,124	290,000	90,124	380,124	1,685,000	65.89%	2040	11.09
2041	305,000	76,365	305,000	76,365	381,365	1,380,000	72.06%	2041	11.05
2042	320,000	61,222	320,000	61,222	381,222	1,060,000	78.54%	2042	11.06
2043	335,000	45,106	335,000	45,106	380,106	725,000	85.32%	2043	11.09
2044	355,000	27,834	355,000	27,834	382,834	370,000	92.51%	2044	11.01
2045	370,000	9,435	370,000	9,435	379,435	0	100.00%	2045	11.11
	4,940,000	2,680,312	4,940,000	2,680,312	7,620,312				

* Preliminary, subject to change.

**The debt service coverage ratios included on this page are calculated using 2024 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2024 and future Net Revenues may be materially different.

VILLAGE OF WAUNAKEE

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table sets forth the historic comparison of Net Revenues and debt service secured by revenues of the waterworks and electric utility system for the three year period ending December 31, 2024.

	Audited	Audited	Audited
	2022	2023	2024
Operating Revenues			
Water and Electric Operating Revenues	\$ 17,652,872	\$ 17,803,499	\$ 17,366,308
Operating Expenses			
Operation and Maintenance	14,359,163	14,014,077	13,571,021
Depreciation and Amortization	1,657,953	1,789,145	1,951,650
Payroll Taxes	129,757	133,587	137,671
Total Operating Expenses	16,146,873	15,936,809	15,660,342
Operating Income	1,505,999	1,866,690	1,705,966
Plus:			
Depreciation and Amortization	1,657,953	1,789,145	1,951,650
Interest Income (Loss)	(137,436)	563,551	557,166
Net Revenues Available for Debt Service	\$ 3,026,516	\$ 4,219,386	\$ 4,214,782
Debt Service			
2011 Waterworks & Electric System Bonds	\$ 423,700	\$ 438,950	\$ 427,750
2013 Waterworks & Electric System Bonds	234,168	234,868	235,468
2016 Waterworks & Electric System Bonds	109,310	112,310	110,210
Total Debt Service	\$ 767,178	\$ 786,128	\$ 773,428
Debt Service Coverage	3.94	5.37	5.45

DESCRIPTION OF WATER AND ELECTRIC SYSTEM

DESCRIPTION OF WATER SYSTEM

The Village owns, operates and maintains the municipal Water System and related appurtenances. The Water Utility, established in 1927, serves approximately 5,500 customers located within the Village and a small portion of the Town of Westport. Water System operations are directed by the Utility Commission.

The Water System consists of five deep wells with electric pumping equipment and a distribution system. The Wells have a total yield of 7,236,000 gallons per day. In addition, the Water System owns four steel elevated storage tanks and one concrete reservoir with a total storage capacity of 1,350,000 gallons.

All rates and service rules are approved by the Public Service Commission of Wisconsin.

History of Water Customers

Year	Residential	Commercial	Other Customers¹	Industrial	Multi- Family	Total
2020	4,613	261	30	14	61	4,979
2021	4,749	264	30	15	62	5,120
2022	4,861	268	32	17	63	5,241
2023	4,964	278	34	17	67	5,360
2024	5,161	278	31	17	73	5,560

Source: WPSC Annual Reports and the Village.

History of Water Billings by Customer Type

Year	Residential	Commercial	Industrial	Multi- Family	Total Billings
2020	\$1,093,302	\$106,927	\$703,043	\$80,182	\$2,174,138
2021	1,121,728	121,565	731,429	90,175	2,292,123
2022	1,073,403	122,363	744,374	93,256	2,269,897
2023	1,182,503	130,009	775,958	97,987	2,486,408
2024	1,118,710	135,550	793,467	103,180	2,482,694

Source: WPSC Annual Reports and the Village.

¹ Excludes fire protection services.

History of Water Sales

Year	No. of Customers ¹	Gallons Sold (in 000's) ²	Total Billings ²
2020	4,981	434,153	\$2,174,138
2021	5,122	476,841	2,292,123
2022	5,243	457,137	2,269,897
2023	5,362	534,169	2,486,408
2024	5,560	524,560	2,482,694

Source: WPSC Annual Reports and the Village.

2024 Larger Water Customers

Total 2024 Gallons Sold:	524,560,000
Total 2024 Billings:	\$1,721,343

	Gallons Sold	Billings	% of Total Billings
Industrial	61,324,950	\$119,613	6.95%
Industrial	51,171,720	99,912	5.80%
Industrial	40,993,130	80,268	4.66%
Commercial	13,991,659	28,183	1.64%
Commercial	4,310,225	9,046	0.53%
Commercial	4,340,292	8,984	0.52%
Multifamily	2,446,695	5,678	0.33%
Public Authority	2,283,455	5,363	0.31%
Multifamily	2,001,160	4,817	0.28%
Commercial	1,890,377	3,908	0.23%

Source: The Village.

¹ Excludes fire protection services.

² Includes fire protection services.

Water Rates and Charges

Rates and charges for the Water System are subject to approval by the WPSC. The following monthly water rates have been in effect since December 1, 2015:

Monthly Service Charge:

5/8 inch meter	\$ 6.75	3 inch meter	\$ 48.00
3/4 inch meter	6.75	4 inch meter	73.00
1 inch meter	11.00	6 inch meter	131.00
1 1/4 inch meter	15.00	8 inch meter	201.00
1 1/2 inch meter	19.00	10 inch meter	294.00
2 inch meter	29.00	12 inch meter	387.00

Plus Volume Charge:

First 13,000 gallons used each month	\$ 2.65	Per 1,000 gallons
Next 53,000 gallons used each month	\$ 2.35	Per 1,000 gallons
Over 66,000 gallons used each month	\$ 1.93	Per 1,000 gallons

Average Bill for Residential Service in 2024

Avg. Monthly Usage in Gallons

4,341

Avg. Monthly Bill

\$18.06

Billing: Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1% per month will be added to bills not paid within 20 days of issuance. Unless payment or satisfactory arrangement for payment is made within the ten days after written notice is given, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code.

Source: WPSC Rate File.

DESCRIPTION OF ELECTRIC SYSTEM

The Village owns and operates the electric system consisting of four substations and a distribution system for its service area which includes the Village of Waunakee and limited rural areas surrounding the Village. The Utility was established in 1915 and is governed by a Commission. The Commission consists of five public citizens and two Village Board members as appointed by the Waunakee Village President, subject to approval of the Village Board. The Commission is the policy making body of the Utility, overseeing all projects and programs, reviewing and approving the budget, and determining Utility projects. The Utility operations are directed by the General Manager. The five public citizens serve staggered five-year terms, and the Village Board members are one-year appointments.

Energy requirements are supplied by WPPI Energy under a contract that expires on May 1, 2055.

History of Electric Sales (excluding sales for resale)

Year	Total kWh (000's)	Total Billings
2020	121,653	\$12,787,853
2021	128,362	14,049,363
2022	129,084	15,173,216
2023	133,137	15,093,362
2024	136,593	14,679,059

Source: WPSC Annual Reports and the Village.

History of Electric Meter Connections by Customer Type

	2020	2021	2022	2023	2024
Residential	5,839	5,990	6,149	6,497	6,677
Commercial	795	813	829	851	853
Industrial	2	2	2	4	4
Street and Highway Lighting	12	12	12	12	12
Total	6,648	6,817	6,992	7,364	7,546

Source: WPSC Annual Reports and the Village.

History of Electric Billings by Customer Type

	2020	2021	2022	2023	2024
Residential	\$6,156,953	\$6,563,012	\$6,942,243	\$6,768,282	\$6,678,142
Commercial	5,238,472	6,048,054	6,727,465	6,667,903	5,879,846
Industrial	1,247,350	1,318,100	1,397,438	1,552,788	2,019,078
Street and Highway Lighting	145,078	120,197	106,070	104,389	101,993
Total	\$12,787,853	\$14,049,363	\$15,173,216	\$15,093,362	\$14,679,059

Source: WPSC Annual Reports and the Village.

History of Peak Demand

Year	Peak Demand kW
2020	32,704
2021	32,539
2022	33,691
2023	37,918
2024	36,417

Source: WPSC Annual Reports and the Village.

History of Electricity Produced, Purchased and Cost

Year	kWh Purchased (000's)	Cost of kWh Purchased
2020	125,820	\$ 9,512,220
2021	132,418	10,529,652
2022	133,188	11,596,782
2023	137,354	11,430,885
2024	140,453	10,981,817

Source: WPSC Annual Reports and the Village.

2024 Larger Electric Customers

Total 2024 kWh Sold:	136,593,157
Total 2024 Billings:	\$14,679,059

	kWh Sold	Billings	% of Total Billings
Industrial	8,098,267	\$646,814	4.41%
Industrial	6,344,800	553,002	3.77%
Industrial	5,387,970	450,518	3.07%
Industrial	4,156,092	377,844	2.57%
Industrial	2,802,917	262,907	1.79%
Public Authority	1,949,623	214,584	1.46%
Commercial	1,928,404	188,455	1.28%
Industrial	1,712,475	151,882	1.03%
Public Authority	1,236,406	144,037	0.98%
Commercial	1,608,587	140,058	0.95%

Source: WPSC Annual Reports and the Village.

Current Electric Rates and Charges

The following monthly electric rates were approved by the Wisconsin Public Service Commission and have been in effect since July 1, 2020 and remain current:

Residential Service (Residential single-phase customers for ordinary household purposes)

Customer Charge:	\$10.50 per month (minimum charge)
Energy Charge:	\$.1005 per kWh

General Service (Commercial, institutional, government, farm and other single and three-phase customers)

Customer Charge: Single-phase: \$13.00 per month (minimum charge)
 Three-phase: \$24.00 per month (minimum charge)

Energy Charge: \$.1071 per kWh

Small Power Service (For all customers where monthly demand is between 50 kW and 200 kW per month)

Customer Charge: \$75.00 per month (minimum charge)
Distribution Demand Charge: \$1.50 per kW
Demand Charge: \$8.00 per kW

Energy Charge: \$.0679 per kWh

Large Power Service Rate (For customers for all types of service if their monthly Maximum Measured Demand is in excess of 200 kW per month but less than 1,000 kW for three or more consecutive months)

Customer Charge: \$200.00 per month

Distribution Demand Charge: \$1.50 per kW

Demand Charge: \$8.50 per kW

Energy Charge: On-Peak: \$0.0753 per kWh
 Off-Peak: \$0.0512 per kWh

Industrial Service Rate (For customers with monthly Maximum Measured demand in excess of 1,000 kW for three or more consecutive months.)

Customer Charge: \$225.00 per month (minimum charge)

Distribution Demand Charge: \$1.50 per kW

Demand Charge: \$9.00 per KW

Energy Charge: On-Peak: \$0.0744 per kWh
 Off-Peak: \$0.0503 per kWh

PCAC (Power Cost Adjustment Clause): The current cost per kilowatt-hour of energy billed is equal to the adjusted cost of power purchased for the most recent month divided by the kilowatt-hours of energy sold. The monthly adjustment is equal to the current cost less the base cost.

Billings for all customers are rendered monthly. A charge of 1% will be added to bills not paid within 20 days from date of issuance. The Utility has the right to place unpaid bills on the tax roll at the property owners for collection.

Average Bill for Residential Service in 2024

Avg. Monthly Usage (kWh)

712

Avg. Monthly Bill

\$82.06

Source: WPSC Annual Report, WPSC Rate File and the Village.

RATING

Outstanding water and electric revenue debt of the Village is currently rated "A1" 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

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

In the previous five years, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL 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 ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special 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 the Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the 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 bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the

compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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, 2023, and the basic financial statements of the Utility for the fiscal year ended December 31, 2024, have been audited by Baker Tilly US, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

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

System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Utility System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

Larger Users: Should larger users increase or decrease usage of the water and electric service currently provided, the revenues of the Utility System will be affected proportionately.

Electric Utility Industry: The electric utility industry is constantly changing in the face of market forces and regulatory actions. Changes in the electric utility industry may impact the financial condition of the Electric System. Such changes include, but are not limited to, (a) the effects of competition from other suppliers of electricity, (b) the effects of compliance with rapidly changing environmental, safety, licensing, and regulatory requirements, (c) the changes resulting from conservation and demand side management programs on the timing and use of electric energy, and (d) the challenges to the Electric System's ability to issue tax exempt obligations. Any of these factors could have an impact on the financial condition of the Electric System.

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.

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.

CURRENT PROPERTY VALUATIONS

2024 Equalized Value	\$3,330,904,200
2024 Equalized Value Reduced by Tax Increment Valuation	\$3,088,851,000
2024 Assessed Value	\$2,944,707,300

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$2,754,273,500	82.688%
Commercial	486,034,100	14.592%
Manufacturing	88,629,600	2.661%
Agricultural	332,700	0.010%
Undeveloped	238,100	0.007%
Ag Forest	227,500	0.007%
Other	1,168,700	0.035%
Personal Property ²	<u>0</u>	<u>0.000%</u>
Total	<u><u>\$3,330,904,200</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2020	\$2,051,005,200	\$2,150,021,500	3.83%
2021	2,108,332,700	2,306,924,000	7.30%
2022	2,181,156,500	2,638,409,300	14.37%
2023	2,866,398,600	3,066,940,300	16.24%
2024	2,944,707,300	3,330,904,200	8.61%

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

¹ Includes tax increment valuation.

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

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2024 Equalized Value ¹	Percent of Village's Total Equalized Value
HH Apartments LLC	Apartment Complex	\$31,870,085	0.96%
203 Main LLC	Apartment Complex w/retail	25,964,354	0.78%
Uniek Drive Property Group LLC	Warehouse	20,259,590	0.61%
GAHC4 Waunakee Wisconsin SC LLC	Nursing home/Assisted Living	19,060,337	0.57%
1101 Connery Cove LLC	Apartment Complex	18,632,516	0.56%
Woodland Crest MF LLC	Apartment Complex	14,554,940	0.44%
Nord Gear Corporation	Manufacturing	14,357,702	0.43%
Scientific Protein Labs LLC	Manufacturing	13,570,557	0.41%
Madison and Main LLC	Apartment Complex w/retail	13,253,620	0.40%
At Home Again Waunakee LLC	Assisted Living/Memory Care	<u>10,915,244</u>	<u>0.33%</u>
Total		\$182,438,945	5.48%
Village's Total 2024 Equalized Value ²		\$3,330,904,200	

Source: The Village.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u><u>\$32,170,000</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by electric and water revenues *(includes the Bonds) (See schedule on page 5)	<u><u>\$4,940,000</u></u>
Total revenue debt secured by sewer revenues	<u><u>\$795,000</u></u>

*Preliminary, subject to change.

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

² Includes tax increment valuation.

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

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The Village anticipates issuing general obligation debt for street improvements and other capital projects in spring of 2026, however the amount and timing of such borrowing is not yet determined. Aside from the preceding, the Village has no current plans for additional financing in the next 12 months.

DEBT LIMIT

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

Equalized Value	\$3,330,904,200
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit ¹	\$166,545,210
Less: General Obligation Debt	<u>(32,170,000)</u>
Unused Debt Limit	<u><u>\$134,375,210</u></u>

¹ The Village has adopted Debt Policies that provide the following affordability and debt profile targets: (a) the total principal amount of general obligation debt outstanding will not exceed 2.5% of the Village's total equalized value; (b) annual debt service expenditures will not exceed 30% of total budgeted tax levy related expenditures; and 3) the Village's equalized tax rate for debt service will not exceed \$2.25 per thousand of equalized value.

Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/18/2025)

	Taxable Refunding Bonds Series 2011B		Taxable Community Development Bonds Series 2015A		General Obligation Bonds Series 2016A		Corporate Purpose Bonds Series 2016C		Corporate Purpose Bonds Series 2017A	
Dated	11/08/2011		11/19/2015		01/06/2016		12/15/2016		01/12/2017	
Amount	\$1,345,000		\$1,355,000		\$6,055,000		\$2,920,000		\$8,855,000	
Maturity	05/01		11/01		04/01		05/01		06/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	13,640	120,000	12,498	0	44,825	0	13,846	0	88,319
2026	75,000	25,630	145,000	21,395	260,000	86,400	290,000	24,648	540,000	168,538
2027	95,000	21,890	145,000	16,973	265,000	79,838	285,000	18,396	550,000	152,188
2028	100,000	17,550	165,000	12,260	300,000	72,775	310,000	11,470	570,000	135,388
2029	100,000	13,000	190,000	6,650	325,000	64,556	310,000	3,875	570,000	118,288
2030	100,000	8,350			325,000	55,619			580,000	101,038
2031	125,000	3,000			315,000	46,425			425,000	85,963
2032					340,000	36,600			435,000	73,063
2033					350,000	26,250			465,000	58,981
2034					350,000	15,750			490,000	43,463
2035					350,000	5,250			500,000	27,375
2036									550,000	9,625
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	595,000	103,060	765,000	69,775	3,180,000	534,288	1,195,000	72,235	5,675,000	1,062,225

--Continued on next page

Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/18/2025)

	Corporate Purpose Bonds Series 2018A		Corporate Purpose Bonds Series 2020A		Corporate Purpose Bonds Series 2022A		Promissory Notes Series 2024A							
Dated Amount	06/07/2018 \$7,450,000		04/29/2020 \$9,620,000		05/18/2022 \$3,485,000		06/26/2024 \$8,925,000							
Maturity	06/01		06/01		06/01		06/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	86,634	0	42,628	0	57,700	0	191,063	120,000	551,151	671,151	32,050,000	.37%	2025
2026	340,000	168,168	410,000	79,105	150,000	111,650	630,000	366,375	2,840,000	1,051,908	3,891,908	29,210,000	9.20%	2026
2027	350,000	157,818	420,000	66,655	155,000	104,025	285,000	343,500	2,550,000	961,281	3,511,281	26,660,000	17.13%	2027
2028	360,000	147,168	430,000	53,905	160,000	96,150	300,000	328,875	2,695,000	875,540	3,570,540	23,965,000	25.51%	2028
2029	375,000	136,143	430,000	43,155	165,000	88,025	315,000	313,500	2,780,000	787,191	3,567,191	21,185,000	34.15%	2029
2030	445,000	123,843	455,000	34,305	220,000	78,400	335,000	297,250	2,460,000	698,804	3,158,804	18,725,000	41.79%	2030
2031	460,000	110,268	455,000	25,205	225,000	69,525	350,000	280,125	2,355,000	620,510	2,975,510	16,370,000	49.11%	2031
2032	480,000	95,868	295,000	17,705	230,000	62,700	370,000	262,125	2,150,000	548,060	2,698,060	14,220,000	55.80%	2032
2033	495,000	80,633	215,000	12,498	195,000	56,325	390,000	243,125	2,110,000	477,812	2,587,812	12,110,000	62.36%	2033
2034	490,000	64,936	225,000	7,765	175,000	50,775	410,000	223,125	2,140,000	405,814	2,545,814	9,970,000	69.01%	2034
2035	390,000	50,393	230,000	2,645	170,000	45,600	430,000	202,125	2,070,000	333,388	2,403,388	7,900,000	75.44%	2035
2036	405,000	36,977			210,000	39,900	450,000	182,375	1,615,000	268,877	1,883,877	6,285,000	80.46%	2036
2037	420,000	22,793			235,000	33,225	465,000	164,075	1,120,000	220,093	1,340,093	5,165,000	83.94%	2037
2038	435,000	7,721			220,000	26,400	485,000	145,075	1,140,000	179,196	1,319,196	4,025,000	87.49%	2038
2039					240,000	18,900	505,000	125,275	745,000	144,175	889,175	3,280,000	89.80%	2039
2040					225,000	10,763	525,000	104,675	750,000	115,438	865,438	2,530,000	92.14%	2040
2041					195,000	3,413	550,000	83,175	745,000	86,588	831,588	1,785,000	94.45%	2041
2042							570,000	60,775	570,000	60,775	630,775	1,215,000	96.22%	2042
2043							595,000	37,475	595,000	37,475	632,475	620,000	98.07%	2043
2044							620,000	12,788	620,000	12,788	632,788	0	100.00%	2044
	5,445,000	1,289,359	3,565,000	385,570	3,170,000	953,475	8,580,000	3,966,875	32,170,000	8,436,861	40,606,861			

Village of Waunakee, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 06/18/2025)

Sewerage System Revenue Bonds
Series 2013B

Dated	03/14/2013							
Amount	\$2,325,000							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	10,909	0	10,909	10,909	795,000	.00%	2025
2026	150,000	19,943	150,000	19,943	169,943	645,000	18.87%	2026
2027	155,000	15,936	155,000	15,936	170,936	490,000	38.36%	2027
2028	160,000	11,605	160,000	11,605	171,605	330,000	58.49%	2028
2029	160,000	7,125	160,000	7,125	167,125	170,000	78.62%	2029
2030	170,000	2,423	170,000	2,423	172,423	0	100.00%	2030
	795,000	67,940	795,000	67,940	862,940			

OVERLAPPING DEBT¹

Taxing District	2024 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$107,504,867,100	3.0984%	\$674,645,000	\$20,903,201
Waunakee Community School District	5,278,474,467	63.1035%	154,170,000	97,286,666
Madison Area Technical College District	146,867,638,440	2.2680%	170,525,000	3,867,507
Madison Metro Sewerage District	78,772,697,118	3.9212%	117,751,000	<u>4,617,252</u>
Village's Share of Total Overlapping Debt				<u><u>\$122,057,374</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$3,330,904,200	Debt/ Per Capita 16,587 ⁴
Total General Obligation Debt	\$32,170,000	0.97%	\$1,939.47
Village's Share of Total Overlapping Debt	<u>122,057,374</u>	<u>3.66%</u>	<u>7,358.62</u>
Total	\$154,227,374	4.63%	\$9,298.09

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, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2024 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2020/21	\$11,152,149	100%	\$5.73
2021/22	11,951,892	100%	5.68
2022/23	12,783,153	100%	5.27
2023/24	13,357,086	100%	4.71
2024/25	14,119,414	In Progress	4.57

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

Special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools¹	County	Local	Total
2020/21	\$11.75	\$2.87	\$5.73	\$20.35
2021/22	11.70	2.89	5.68	20.27
2022/23	10.41	2.72	5.27	18.40
2023/24	9.63	2.76	4.71	17.10
2024/25	9.53	2.60	4.57	16.70

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

LEVY LIMITS

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

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

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

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

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

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

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

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

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

With respect to revenue bonds issued pursuant to Section 66.0621, Wis. Stats., such as the Bonds, any taxes levied to pay debt service on the Bonds because of a revenue shortfall may be excluded from the levy limits.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the Village. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the Village that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the Village beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the Village received approximately \$574,500 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$257,300 received in 2023. The

Village is expected to receive approximately \$586,000 in shared revenue under Chapter 79, Wis. Stats. in 2025. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1892 and is governed by a Village Board 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 99 full-time, 54 part-time and 150 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, 2021, the fiscal year ended December 31, 2022 and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$422,002, \$461,194 and \$504,610, respectively.

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

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. As of December 31, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion. Accordingly, the Village will continue to report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2024.

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 2023, the Village reported a liability of \$1,951,689 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 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 0.03684029% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.¹

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

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

The following bargaining unit represents employees of the Village:

Bargaining Unit

Wisconsin Professional Police Association

**Expiration Date of
Current Contract**

December 31, 2025

OTHER POST EMPLOYMENT BENEFITS

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

For Fiscal Year 2023, the Village's portion of contributions to the LRLIF totaled \$3,327 from the Village. For Fiscal Year 2023, the Village reported a liability of \$631,825 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.16584100% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 4. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the 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 February 28, 2025)

Fund	Total Cash and Investments
General	\$9,422,728
Park Impact	385,134
Library	126,075
Senior Center	444,576
Senior Center Fundraising	17,257
Village Center	1,037,809
Park Reservation	53,259
Community Development/Betterment	46,544
Housing Betterment	743,922
Grants	21,594
Debt Service	3,655,985
Tax Increment Districts	7,629,963
Capital Improvements	10,465,299
Electric Utility	7,300,953
Water Utility	3,105,336
Sewer Utility	5,544,116
Equipment Replacement	1,382,717
Village Hall Remodeling	<u>12,950</u>
 Total Funds on Hand	 <u><u>\$51,396,217</u></u>

ENTERPRISE FUNDS

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

	2022 Audited	2023 Audited	2024 Audited
Electricity			
Total Operating Revenues	\$15,223,789	\$15,136,325	\$14,727,132
Less: Operating Expenses	<u>(14,083,506)</u>	<u>(14,157,873)</u>	<u>(13,867,072)</u>
Operating Income	\$1,140,283	\$978,452	\$860,060
Plus: Depreciation	1,017,814	1,088,268	1,257,476
Interest Income	<u>(185,470)</u>	<u>369,786</u>	<u>342,168</u>
Revenues Available for Debt Service	<u><u>\$1,972,627</u></u>	<u><u>\$2,436,506</u></u>	<u><u>\$2,459,704</u></u>
Water			
Total Operating Revenues	\$2,429,083	\$2,667,174	\$2,639,176
Less: Operating Expenses	<u>(1,933,610)</u>	<u>(1,778,936)</u>	<u>(1,793,270)</u>
Operating Income	\$495,473	\$888,238	\$845,906
Plus: Depreciation	640,139	700,877	694,174
Interest Income	<u>47,927</u>	<u>193,765</u>	<u>214,998</u>
Revenues Available for Debt Service	<u><u>\$1,183,539</u></u>	<u><u>\$1,782,880</u></u>	<u><u>\$1,755,078</u></u>
Sewer			
Total Operating Revenues	\$3,500,113	\$3,752,781	\$4,704,059
Less: Operating Expenses	<u>(3,069,848)</u>	<u>(3,366,907)</u>	<u>(3,744,396)</u>
Operating Income	\$430,265	\$385,874	\$959,663
Plus: Depreciation	339,085	375,110	399,751
Interest Income	<u>(58,784)</u>	<u>150,937</u>	<u>232,625</u>
Revenues Available for Debt Service	<u><u>\$710,566</u></u>	<u><u>\$911,921</u></u>	<u><u>\$1,592,039</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the **2023** audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2021 Audited	2022 Audited	2023 Audited	2024 Unaudited ¹	2025 Adopted Budget ²
Revenues					
Taxes	\$6,110,382	\$6,728,839	\$7,075,972	\$7,696,363	\$8,206,769
Intergovernmental	1,527,503	1,559,834	1,606,643	1,954,914	2,200,299
Licenses and permits	630,250	571,126	655,631	603,896	364,685
Fines, forfeitures and penalties	58,486	68,659	51,459	81,463	61,150
Public charges for services	1,327,649	1,659,952	2,341,970	1,733,801	999,218
Intergovernmental charges for services	119,843	192,144	208,170	238,604	257,751
Investment income (loss)	0	(348,831)	496,617	525,722	200,000
Miscellaneous revenues	233,258	210,236	305,272	471,069	111,078
Total Revenues	\$10,007,371	\$10,641,959	\$12,741,734	\$13,305,832	\$12,400,950
Expenditures					
Current:					
General government	\$1,485,647	\$1,620,806	\$1,832,920	\$2,242,319	\$2,351,472
Public safety	4,155,873	4,468,804	4,903,866	5,399,675	5,740,688
Public works	2,477,196	2,573,552	2,655,696	2,799,553	2,964,321
Culture and recreation	1,866,097	1,935,596	2,076,290	2,265,612	2,461,050
Conservation and development	621,476	956,359	1,583,060	996,365	394,421
Total Expenditures	\$10,606,289	\$11,555,117	\$13,051,832	\$13,703,524	\$13,911,952
Excess of revenues over (under) expenditures	(\$598,918)	(\$913,158)	(\$310,098)	(\$397,692)	(\$1,511,002)
Other Financing Sources (Uses)					
Transfers in	\$975,289	\$886,446	\$834,497	\$920,872	\$880,000
Transfers (out)	(1,217,769)	(310,240)	(168,188)	(225,454)	(100,000)
Total Other Financing Sources (Uses)	(242,480)	576,206	666,309	695,418	780,000
Net changes in Fund Balances	(\$841,398)	(\$336,952)	\$356,211	\$297,726	(\$731,002)
General Fund Balance January 1	\$7,279,641	\$6,438,243	\$6,101,291	\$6,457,502	
General Fund Balance December 31	\$6,438,243	\$6,101,291	\$6,457,502	\$6,755,228	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$763,806	\$426,798	\$341,193	\$407,623	
Assigned	2,301,297	2,390,332	2,272,216	2,304,533	
Unassigned	3,373,140	3,284,161	3,844,093	4,043,072	
Total	\$6,438,243	\$6,101,291	\$6,457,502	\$6,755,228	

¹ Unaudited data is as of December 31, 2024.

² The 2025 budget was adopted on November 18, 2024.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 14,879 and a current estimated population of 16,587 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	760
Nord Gear Corp.	Manufacturing	428
The Village	Municipal government and services	303
Octopi	Brewery and beverage co-packing facility	257
Suttle-Straus Inc	Printers-Business Forms manufacturer	184
Uniek Inc.	Manufacturer of home products	180
Scientific Protein Laboratories, Inc.	Manufacture and sale of active pharmaceutical ingredients	173
Renew Aire	Energy recovery ventilation technologies	160
Dane Manufacturing	Steel fabrication manufacturing	160
Waunakee Valley Senior Living	Nursing home/senior living	150

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

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

BUILDING PERMITS

	2021	2022	2023	2024	2025 ¹
<u>New Single Family Homes</u>					
No. of building permits	152	96	88	107	35
Valuation	\$60,993,656	\$44,925,182	\$48,072,336	\$64,316,565	\$24,163,439
<u>New Multiple Family Homes</u>					
No. of building permits	1	8	14	13	8
Valuation	\$6,900,000	\$48,210,473	\$8,414,522	\$8,603,529	\$5,912,130
<u>New Commercial/Industrial</u>					
No. of building permits	4	2	3	1	0
Valuation	\$20,429,343	\$3,850,000	\$67,600,000	\$767,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	822	715	743	945	271
Valuation	\$114,334,895	\$111,410,984	\$140,141,797	\$184,030,337	\$51,867,337

Source: The Village.

¹ As of March 17, 2025.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	12,097
2020 U.S. Census Population	14,879
Percent of Change 2010 - 2020	23.00%
2024 Estimated Population	16,587

Income and Age Statistics

	The Village	Dane County	State of Wisconsin	United States
2023 per capita income	\$62,751	\$51,486	\$42,019	\$43,289
2023 median household income	\$128,750	\$88,108	\$75,670	\$78,538
2023 median family income	\$160,149	\$122,020	\$97,261	\$96,922
2023 median gross rent	\$1,236	\$1,345	\$1,045	\$1,348
2023 median value owner occupied units	\$490,300	\$366,100	\$247,400	\$303,400
2023 median age	39.9 yrs.	35.6 yrs.	40.1 yrs.	38.7 yrs.

	State of Wisconsin	United States
Village % of 2023 per capita income	149.34%	144.96%
Village % of 2023 median family income	164.66%	165.23%

Housing Statistics

	<u>The Village</u>		
	2020	2023	Percent of Change
All Housing Units	5,537	5,660	2.22%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2023 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

	<u>Average Employment</u>	<u>Average Unemployment</u>	
Year	Dane County	Dane County	State of Wisconsin
2021	319,649	2.9%	3.8%
2022	324,324	2.1%	2.8%
2023	331,631 ¹	2.3% ¹	2.8%
2024 ¹	336,139	2.3%	3.0%
2025, March ¹	332,556	2.6%	3.7%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

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

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

Village of Waunakee

Financial Statements and
Supplementary Information

December 31, 2023

Village of Waunakee

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Independent Auditors' Report

To the Village Board of
Village of Waunakee

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Waunakee, Wisconsin (the Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
June 27, 2024

Village of Waunakee

Statement of Net Position

December 31, 2023

	Governmental Activities	Business- Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 16,305,896	\$ 12,677,928	\$ 28,983,824
Receivables (net):			
Taxes	17,309,761	-	17,309,761
Accounts	535,379	1,760,680	2,296,059
Special assessments	249	-	249
Loans	488,300	-	488,300
Other	37,143	265,783	302,926
Lease	488,366	3,327,571	3,815,937
Due from other governments	69,445	-	69,445
Inventories and prepaid items	341,193	1,096,536	1,437,729
Internal balances	74,360	(74,360)	-
Restricted assets:			
Cash and investments	1,023,295	1,636,920	2,660,215
Investment in joint ventures	3,497,046	-	3,497,046
Capital assets:			
Land	20,474,008	532,269	21,006,277
Construction work in progress	85,856	237,968	323,824
Capital assets, being depreciated	147,250,966	86,681,759	233,932,725
Less accumulated depreciation	<u>(70,154,499)</u>	<u>(32,915,761)</u>	<u>103,070,260</u>
Total assets	<u>137,826,764</u>	<u>75,227,293</u>	<u>213,054,057</u>
Deferred Outflows of Resources			
Deferred loss on refunding	-	21,254	21,254
Pension related amounts	7,321,342	1,726,101	9,047,443
OPEB related amounts	<u>317,506</u>	<u>119,831</u>	<u>437,337</u>
Total deferred outflows of resources	<u>7,638,848</u>	<u>1,867,186</u>	<u>9,506,034</u>

See notes to financial statements

Village of Waunakee

Statement of Net Position

December 31, 2023

	Governmental Activities	Business- Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 1,013,696	\$ 1,552,001	\$ 2,565,697
Accrued and other current liabilities	610,286	50,807	661,093
Due to other governments	91,177	-	91,177
Deposits	353,873	382,952	736,825
Commitment to community	-	54,304	54,304
Unearned revenues	701,935	125,763	827,698
Noncurrent liabilities:			
Due within one year	3,222,330	916,523	4,138,853
Due in more than one year	27,392,946	2,312,837	29,705,783
Other postemployment benefits	631,825	220,014	851,839
Net pension liability	<u>1,951,689</u>	<u>461,004</u>	<u>2,412,693</u>
Total liabilities	<u>35,969,757</u>	<u>6,076,205</u>	<u>42,045,962</u>
Deferred Inflows of Resources			
Deferred gain on refunding	571,540	-	571,540
Unearned revenues	17,277,211	-	17,277,211
Pension related amounts	4,113,574	966,183	5,079,757
OPEB related amounts	434,784	154,885	589,669
Lease related amounts	<u>488,366</u>	<u>3,327,571</u>	<u>3,815,937</u>
Total deferred inflows of resources	<u>22,885,475</u>	<u>4,448,639</u>	<u>27,334,114</u>
Net Position			
Net investment in capital assets	68,942,221	52,752,422	121,694,643
Restricted for:			
Debt service	556,722	329,167	885,889
Equipment replacement	-	332,179	332,179
Parks	1,023,295	-	1,023,295
Library	124,317	-	124,317
Senior center	500,517	-	500,517
Community development	27,429	-	27,429
Grants	45,640	-	45,640
Housing betterment	164,439	-	164,439
TIF expenditures	3,075,626	-	3,075,626
Unrestricted	<u>12,150,174</u>	<u>13,155,867</u>	<u>25,306,041</u>
Total net position	<u>\$ 86,610,380</u>	<u>\$ 66,569,635</u>	<u>\$153,180,015</u>

Village of Waunakee

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,230,310	\$ 138,540	\$ -	\$ -	\$ (1,091,770)	\$ -	\$ (1,091,770)
Public safety	5,509,290	459,334	165,257	-	(4,884,699)	-	(4,884,699)
Public works	7,318,173	1,061,503	920,604	2,972,859	(2,363,207)	-	(2,363,207)
Health and human services	730,423	103,643	159,796	-	(466,984)	-	(466,984)
Culture and recreation	3,183,621	1,601,737	363,180	-	(1,218,704)	-	(1,218,704)
Conservation and development	2,476,172	1,434,513	-	-	(1,041,659)	-	(1,041,659)
Interest and fiscal charges	<u>820,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(820,486)</u>	<u>-</u>	<u>(820,486)</u>
Total governmental activities	<u>21,268,475</u>	<u>4,799,270</u>	<u>1,608,837</u>	<u>2,972,859</u>	<u>(11,887,509)</u>	<u>-</u>	<u>(11,887,509)</u>
Business-type activities:							
Electric Utility	14,184,940	15,136,325	-	479,965	-	1,431,350	1,431,350
Water Utility	1,820,598	2,667,174	-	1,200,240	-	2,046,816	2,046,816
Sewer Utility	<u>3,400,004</u>	<u>3,752,781</u>	<u>-</u>	<u>790,159</u>	<u>-</u>	<u>1,142,936</u>	<u>1,142,936</u>
Total business-type activities	<u>19,405,542</u>	<u>21,556,280</u>	<u>-</u>	<u>2,470,364</u>	<u>-</u>	<u>4,621,102</u>	<u>4,621,102</u>
Total	<u>\$ 40,674,017</u>	<u>\$ 26,355,550</u>	<u>\$ 1,608,837</u>	<u>\$ 5,443,223</u>	<u>(11,887,509)</u>	<u>4,621,102</u>	<u>(7,266,407)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					9,908,133	-	9,908,133
Property taxes, levied for debt service					2,875,020	-	2,875,020
Property taxes, levied for TIF districts					3,955,352	-	3,955,352
Other taxes					42,443	-	42,443
Intergovernmental revenues not restricted to specific programs					912,425	-	912,425
Net change of investments in joint ventures					277,850	-	277,850
Investment income					1,212,521	714,488	1,927,009
Miscellaneous					<u>190,561</u>	<u>-</u>	<u>190,561</u>
Total general revenues					<u>19,374,305</u>	<u>714,488</u>	<u>20,088,793</u>
Transfers					<u>612,615</u>	<u>(612,615)</u>	<u>-</u>
Change in net position					8,099,411	4,722,975	12,822,386
Net Position, Beginning					<u>78,510,969</u>	<u>61,846,660</u>	<u>140,357,629</u>
Net Position, Ending					<u>\$ 86,610,380</u>	<u>\$ 66,569,635</u>	<u>\$ 153,180,015</u>

See notes to financial statements

Village of Waunakee

Balance Sheet -
Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvements</u>
Assets			
Cash and investments	\$ 6,793,801	\$ 681,500	\$ 2,778,734
Restricted cash and investments	-	-	-
Receivables (net):			
Taxes	7,668,036	2,584,923	1,480,927
Accounts	506,058	-	-
Special assessments	249	-	-
Loans	-	325,000	-
Leases	488,366	-	-
Other	37,143	-	-
Due from other funds	118,158	-	-
Due from other governments	19,445	-	50,000
Prepaid items	341,193	-	-
Total assets	<u>\$ 15,972,449</u>	<u>\$ 3,591,423</u>	<u>\$ 4,309,661</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 117,034	\$ -	\$ 429,582
Accrued liabilities	485,507	-	-
Due to other funds	1,127	-	-
Due to other governments	91,177	-	-
Special deposits	353,873	-	-
Unearned revenues	321,450	-	-
Total liabilities	<u>1,370,168</u>	<u>-</u>	<u>429,582</u>
Deferred Inflows of Resources			
Lease related amounts	488,366	-	-
Unearned revenues	7,656,413	2,584,923	1,460,000
Unavailable revenues	-	325,000	-
Total deferred inflows of resources	<u>8,144,779</u>	<u>2,909,923</u>	<u>1,460,000</u>
Fund Balances			
Nonspendable	341,193	-	-
Restricted	-	681,500	171,756
Committed	-	-	2,248,323
Assigned	2,272,216	-	-
Unassigned (deficit)	3,844,093	-	-
Total fund balances	<u>6,457,502</u>	<u>681,500</u>	<u>2,420,079</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,972,449</u>	<u>\$ 3,591,423</u>	<u>\$ 4,309,661</u>

See notes to financial statements

<u>TID No. 3</u>	<u>TID No. 6</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 691,875	\$ 2,180,525	\$ 3,179,461	\$ 16,305,896
-	-	1,023,295	1,023,295
1,156,639	1,370,449	3,048,787	17,309,761
-	-	29,321	535,379
-	-	-	249
-	-	163,300	488,300
-	-	-	488,366
-	-	-	37,143
-	-	81,334	199,492
-	-	-	69,445
-	-	-	341,193
<u>\$ 1,848,514</u>	<u>\$ 3,550,974</u>	<u>\$ 7,525,498</u>	<u>\$ 36,798,519</u>

\$ 618	\$ 368,787	\$ 97,675	\$ 1,013,696
-	-	-	485,507
81,334	-	42,671	125,132
-	-	-	91,177
-	-	-	353,873
-	-	380,485	701,935
<u>81,952</u>	<u>368,787</u>	<u>520,831</u>	<u>2,771,320</u>

-	-	-	488,366
1,156,639	1,370,449	3,048,787	17,277,211
-	-	163,300	488,300
<u>1,156,639</u>	<u>1,370,449</u>	<u>3,212,087</u>	<u>18,253,877</u>

-	-	-	341,193
609,923	1,811,738	2,539,602	5,814,519
-	-	1,310,864	3,559,187
-	-	-	2,272,216
-	-	(57,886)	3,786,207
<u>609,923</u>	<u>1,811,738</u>	<u>3,792,580</u>	<u>15,773,322</u>

<u>\$ 1,848,514</u>	<u>\$ 3,550,974</u>	<u>\$ 7,525,498</u>	<u>\$ 36,798,519</u>
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See notes to financial statements

Village of Waunakee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2023

Total Fund Balances, Governmental Funds \$ 15,773,322

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note 3. 97,656,331

Investments in joint ventures are not financial resources and, therefore, are not reported in the funds. 3,497,046

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note 3. 488,300

The net pension asset/liability does not relate to current financial resources and is not reported in the governmental funds. (1,951,689)

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 7,321,342

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (4,113,574)

Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds. 317,506

Deferred inflows of resources related to other postemployment do not relate to current financial resources and are not reported in the governmental funds. (434,784)

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

Bonds and notes payable (28,640,000)

Compensated absences (1,167,701)

Accrued interest (124,779)

Unamortized premium on debt (807,575)

Other postemployment benefits (631,825)

A deferred gain on refunding represents a acquisition of net position that applies to a future period and, therefore, is not reported in the funds. (571,540)

Net Position of Governmental Activities \$ 86,610,380

Village of Waunakee

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvements</u>
Revenues			
Taxes	\$ 7,075,972	\$ 2,875,020	\$ 1,340,000
Intergovernmental	1,606,643	-	50,000
Licenses and permits	655,631	217,357	-
Fines, forfeitures and penalties	51,459	-	-
Public charges for services	2,341,970	-	71,758
Intergovernmental charges for services	208,170	-	-
Investment income	496,617	65,097	209,514
Miscellaneous revenues	<u>305,272</u>	<u>50,000</u>	<u>1,200</u>
Total revenues	<u>12,741,734</u>	<u>3,207,474</u>	<u>1,672,472</u>
Expenditures			
Current:			
General government	1,832,920	-	-
Public safety	4,903,866	-	-
Public works	2,655,696	-	-
Health and human services	-	-	-
Culture and recreation	2,076,290	-	-
Conservation and development	1,583,060	-	-
Capital outlay	-	-	3,426,173
Debt service:			
Principal	-	2,339,219	-
Interest and fiscal charges	<u>-</u>	<u>726,300</u>	<u>-</u>
Total expenditures	<u>13,051,832</u>	<u>3,065,519</u>	<u>3,426,173</u>
Excess (deficiency) of revenues over expenditures	<u>(310,098)</u>	<u>141,955</u>	<u>(1,753,701)</u>
Other Financing Sources (Uses)			
Proceeds on sale of assets	-	-	-
Transfers in	834,497	122,347	239,183
Transfers out	<u>(168,188)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>666,309</u>	<u>122,347</u>	<u>239,183</u>
Net change in fund balances	356,211	264,302	(1,514,518)
Fund Balances, Beginning	<u>6,101,291</u>	<u>417,198</u>	<u>3,934,597</u>
Fund Balances, Ending	<u>\$ 6,457,502</u>	<u>\$ 681,500</u>	<u>\$ 2,420,079</u>

See notes to financial statements

TID No. 3	TID No. 6	Nonmajor Governmental Funds	Total
\$ 1,222,898	\$ 1,480,447	\$ 2,786,611	\$ 16,780,948
27,016	12,632	613,529	2,309,820
-	-	361,591	1,234,579
-	-	-	51,459
-	-	918,363	3,332,091
-	-	42,594	250,764
43,429	134,351	263,230	1,212,238
-	-	102,324	458,796
<u>1,293,343</u>	<u>1,627,430</u>	<u>5,088,242</u>	<u>25,630,695</u>
-	-	75,023	1,907,943
-	-	-	4,903,866
-	-	-	2,655,696
-	-	687,246	687,246
-	-	1,517,332	3,593,622
-	-	16,771	1,599,831
74,926	859,551	1,550,675	5,911,325
645,000	475,000	295,000	3,754,219
16,108	197,185	76,112	1,015,705
<u>736,034</u>	<u>1,531,736</u>	<u>4,218,159</u>	<u>26,029,453</u>
<u>557,309</u>	<u>95,694</u>	<u>870,083</u>	<u>(398,758)</u>
-	-	625	625
-	-	110,688	1,306,715
-	-	(304,030)	(472,218)
-	-	(192,717)	835,122
557,309	95,694	677,366	436,364
<u>52,614</u>	<u>1,716,044</u>	<u>3,115,214</u>	<u>15,336,958</u>
<u>\$ 609,923</u>	<u>\$ 1,811,738</u>	<u>\$ 3,792,580</u>	<u>\$ 15,773,322</u>

See notes to financial statements

Village of Waunakee

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds	\$ 436,364
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,896,313
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	39,174
Depreciation is reported in the government-wide financial statements	(4,842,675)
Net book value of assets retired	(54,150)
Contributed capital assets are reported as revenues in the government-wide financial statements.	2,896,101
The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides or uses current financial resources and are not reported in the fund statements.	277,850
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(50,000)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	3,754,219
Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Amortization of debt premium	74,259
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	134,381
Accrued interest	57,769
Amortization of deferred gain on refunding	63,991
Net pension asset / liability	(4,831,372)
Deferred outflows of resources related to pensions	1,655,410
Deferred inflows of resources related to pensions	2,672,934
Deferred outflow of resources related to other postemployment benefits	(76,345)
Deferred inflows of resources related to other postemployment benefits	(338,836)
Other postemployment benefits liability	334,024
Change in Net Position of Governmental Activities	<u>\$ 8,099,411</u>

See notes to financial statements

Village of Waunakee

Statement of Net Position -
Proprietary Fund
December 31, 2023

Waunakee Utilities

Assets

Current assets:

Cash and investments \$ 12,677,928

Receivables:

Customer accounts 1,760,680

Other 265,783

Due from other funds 1,127

Inventories and prepaid items 1,096,536

Current portion of lease receivable 99,664

Restricted assets:

Redemption account 294,808

Total current assets 16,196,526

Noncurrent assets:

Restricted assets:

Reserve account 959,933

Depreciation account 50,000

Replacement account 332,179

Capital assets:

Plant in service 87,214,028

Accumulated depreciation (32,915,761)

Construction work in progress 237,968

Other assets:

Lease receivable 3,227,907

Total noncurrent assets 59,106,254

Total assets 75,302,780

Deferred Outflows of Resources

Loss on advance refunding 21,254

Pension related amounts 1,726,101

Other postemployment related amounts 119,831

Total deferred outflows of resources 1,867,186

Village of Waunakee

Statement of Net Position -
Proprietary Fund
December 31, 2023

Waunakee Utilities

Liabilities

Current liabilities:

Accounts payable	\$ 1,552,001
Due to other funds	75,487
Customer deposits	50,952
Accrued and other current liabilities	76,689
Customer advances for construction	332,000
Commitment to community	54,304
Unearned revenue	125,763
Current liabilities payable from restricted assets:	
Current portion of long-term debt	875,000
Accrued interest	15,641

Total current liabilities 3,157,837

Noncurrent liabilities:

Long-term debt:

Revenue bonds 1,890,000

Other liabilities:

Compensated absences 369,700
Net other postemployment benefits 220,014
Other liabilities 53,137
Net pension liability 461,004

Total noncurrent liabilities 2,993,855

Total liabilities 6,151,692

Deferred Inflows of Resources

Pension related amounts 966,183
Other postemployment related amounts 154,885
Lease related amounts 3,327,571

Total deferred inflows of resources 4,448,639

Net Position

Net investment in capital assets 52,752,422
Restricted for:
Debt service 329,167
Equipment replacement 332,179
Unrestricted 13,155,867

Total net position \$ 66,569,635

Village of Waunakee

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund
Year Ended December 31, 2023

	Waunakee Utilities
Operating Revenues	
Sales to customers	\$ 21,325,185
Other	<u>231,095</u>
Total operating revenues	<u>21,556,280</u>
Operating Expenses	
Operations and maintenance	17,139,461
Depreciation	<u>2,164,255</u>
Total operating expenses	<u>19,303,716</u>
Operating income	<u>2,252,564</u>
Nonoperating Revenues (Expenses)	
Investment income	714,488
Interest and fiscal charges	(86,875)
Amortization of loss on advance refunding	(11,832)
Other nonoperating expenses	<u>(3,119)</u>
Total nonoperating revenues (expenses)	<u>612,662</u>
Income before contributions and transfers	<u>2,865,226</u>
Contributions and Transfers	
Capital contributions	2,470,364
Capital contributions, municipal	221,882
Transfer, tax equivalent	<u>(834,497)</u>
Total contributions and transfers	<u>1,857,749</u>
Change in net position	4,722,975
Net Position, Beginning	<u>61,846,660</u>
Net Position, Ending	<u><u>\$ 66,569,635</u></u>

See notes to financial statements

Village of Waunakee

Statement of Cash Flows -

Proprietary Fund

Year Ended December 31, 2023

Waunakee Utilities

Cash Flows From Operating Activities

Received from customers	\$ 21,643,351
Received from (paid to) municipality for services	104,389
Paid to suppliers for goods and services	(16,285,727)
Paid to employees for services	<u>(1,392,903)</u>

Net cash flows from operating activities	<u>4,069,110</u>
--	------------------

Cash Flows From Investing Activities

Investments sold (purchased)	(1,303,973)
Investment income	<u>646,520</u>

Net cash flows from investing activities	<u>(657,453)</u>
--	------------------

Cash Flows From Noncapital Financing Activities

Paid to municipality for tax equivalent	<u>(834,497)</u>
---	------------------

Net cash flows from noncapital financing activities	<u>(834,497)</u>
---	------------------

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(2,322,398)
Capital contributions received	482,735
Debt retired	(865,000)
Interest paid	<u>(91,767)</u>

Net cash flows from capital and related financing activities	<u>(2,796,430)</u>
--	--------------------

Net change in cash and cash equivalents	(219,270)
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Cash and Cash Equivalents, Beginning	<u>6,759,088</u>
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Cash and Cash Equivalents, Ending	<u><u>\$ 6,539,818</u></u>
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Village of Waunakee

Statement of Cash Flows -

Proprietary Fund

Year Ended December 31, 2023

Waunakee Utilities

Reconciliation of Operating Income to Net Cash Flows

From Operating Activities

Operating income	\$ 2,252,564
Nonoperating revenue (expense)	(3,119)
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	2,164,255
Depreciation charged to other funds	62,400
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Customer accounts receivable	100,768
Other accounts receivable	10,100
Due from municipality	(644)
Inventories and prepaid items	(318,344)
Pension related deferrals and assets	123,372
Accounts payable	(369,614)
Due to municipality	1,881
Customer deposits	(2,729)
Accrued and other current liabilities	10,426
Compensated absences	9,600
OPEB related deferrals and liabilities	28,194
	<u>\$ 4,069,110</u>

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

Cash and investments	\$ 12,677,928
Redemption account	294,808
Reserve account	959,933
Depreciation account	50,000
Replacement account	<u>332,179</u>
Total cash and investments	14,314,848
Less noncash equivalents	<u>(7,775,030)</u>
Cash and cash equivalents	<u>\$ 6,539,818</u>

Noncash Capital and Related Financing Activities

Developer financed additions to utility plant	<u>\$ 1,990,399</u>
Municipality financed additions to utility plant	<u>\$ 165,138</u>

See notes to financial statements

Village of Waunakee

Statement of Fiduciary Net Position -
Custodial Fund
December 31, 2023

	Tax Collection Fund
Assets	
Cash and investments	\$ 15,714,378
Taxes receivable	<u>19,425,915</u>
Total assets	<u>35,140,293</u>
Liabilities	
Due to other governments	<u>35,140,293</u>
Total liabilities	<u>35,140,293</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

Village of Waunakee

Statement of Changes in Fiduciary Net Position -
Custodial Fund
Year Ended December 31, 2023

	<u>Tax Collection Fund</u>
Additions	
Property tax collections	<u>\$ 23,700,490</u>
Deductions	
Payments to taxing jurisdictions	<u>23,700,490</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Waunakee

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December 31, 2023

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Village of Waunakee

Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

Component Unit Not Presented

Community Development Authority

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village president. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the CDA, and also create a potential financial benefit to or burden on the Village. The CDA is part of the reporting entity of the Village. However, the CDA had no financial transactions during 2023 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund

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

Capital Projects Funds

Capital Improvement Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

Tax Incremental District (TID) No. 3 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 6 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Enterprise Fund

The Village reports the following major enterprise fund:

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

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

Capital Projects Funds

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

Equipment Replacement	
TID No. 4	TID No. 5
TID No. 7	TID No. 8
TID No. 9	TID No. 10

In addition, the Village reports the following fund type:

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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

Proprietary and Fiduciary Funds

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

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

All Financial Statements

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

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

Deposits and Investments

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

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

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

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

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

Village of Waunakee

Notes to Financial Statements
December 31, 2023

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2023, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

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

Property tax calendar - 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale, 2023 delinquent real estate taxes	October 2026

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Prepaid Items

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

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Fund Financial Statements

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

Deferred Outflows of Resources

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

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

Compensated Absences

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

Premiums paid for employees who have converted sick leave upon retirement are recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village through current year resources and a reserve account with a balance of \$1,012,948.

For proprietary funds, employees earn one day of sick leave per month and varying amounts of vacation annually. Based on contractual agreements and employee benefit policies, certain employees may convert accumulated sick leave to pay for health insurance premiums or to be deposited into an HRA account upon retirement. Payments made in 2023 for postretirement benefits were not material. Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the utility general manager to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2023, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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

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

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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 \$476,867, made up of the 2011 Community Development Authority Revenue Bonds.

Leases

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

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Village of Waunakee

Notes to Financial Statements
December 31, 2023

- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The Village has adopted a formal minimum fund balance policy of 20 - 25% of subsequent year's general fund budgeted expenditures. The minimum fund balance is maintained for cash-flow and working capital purposes. The balance at year end was \$3,844,093, or 30.1%, and is shown as unassigned general fund balance. The Village's unassigned general fund balance is above the minimum fund balance amount at year-end.

See Note 3 for further information.

Pension

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Basis for Existing Rates

Electric Utility

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

Water Utility

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

Sewer Utility

Current sewer rates became effective January 1, 2023.

2. Stewardship, Compliance and Accountability

Deficit Balances

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

As of December 31, 2023, the following individual funds held a deficit balance:

Fund	Amount	Reason
TID No. 9	\$ 42,874	Expenditures exceeded revenues
TID No. 10	15,012	Expenditures exceeded revenues

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

Limitations on the Village's Tax Levy

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

3. Detailed Notes on All Funds

Deposits and Investments

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 33,912,412	\$ 33,820,094	Custodial credit
State and municipal bonds	4,183,489	4,183,489	Custodial credit, credit, concentration of credit, interest rate
Corporate bonds	3,367,638	3,367,638	Custodial credit, credit, concentration of credit, interest rate
U.S. treasuries	2,876,134	2,876,134	Custodial credit, interest rate
U.S. agencies, implicitly guaranteed	1,820,363	1,820,363	Custodial credit, credit, concentration of credit, interest rate
Negotiable certificates of deposit	1,073,655	1,073,655	Custodial credit, credit, concentration of credit, interest rate
LGIP	124,106	124,106	Credit risk
Petty cash	620	-	N/A
Total deposits and investments	<u>\$ 47,358,417</u>	<u>\$ 47,265,479</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 28,983,824		
Restricted cash and investments	2,660,215		
Per statement of assets and liabilities, custodial fund:			
Tax collection fund	<u>15,714,378</u>		
Total deposits and investments	<u>\$ 47,358,417</u>		

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

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

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

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

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

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

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
State and municipal bonds	\$ -	\$ 4,183,489	\$ -	\$ 4,183,489
Corporate bonds	-	3,367,638	-	3,367,638
U.S. treasuries	-	2,876,134	-	2,876,134
U.S. agencies, implicitly guaranteed	-	1,820,363	-	1,820,363
Negotiable certificates of deposit	-	1,073,655	-	1,073,655
Total	<u>\$ -</u>	<u>\$ 13,321,279</u>	<u>\$ -</u>	<u>\$ 13,321,279</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2023, all of the Village's deposits with financial institutions in excess of the federal and state depository limits were either collateralized with an irrevocable letter of credit or pledged securities in the name of the Village from a third party bank. As such, the Village does not have any deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2023, Village does not have any investments exposed to custodial credit risk. However, \$7,775,024 of the Utilities' investments were uninsured and uncollateralized.

Credit Risk

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

As of December 31, 2023, the Village's investments were rated as follows:

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

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

LGIP

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, the Village did not hold over 5% of its total holdings in any one issuer.

Interest Rate Risk

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

As of December 31, 2023, the Village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in Years)</u>		
		<u>Less Than 1</u>	<u>2-5</u>	<u>5+</u>
State and municipal bonds	\$ 4,183,489	\$ 1,747,850	\$ 2,435,639	\$ -
Corporate bonds	3,367,638	249,378	3,118,260	-
U.S. treasuries	2,876,134	1,899,434	976,700	-
U.S. agencies, implicitly guaranteed	1,820,363	889,849	930,514	-
Negotiable certificates of deposit	<u>1,073,655</u>	<u>373,505</u>	<u>700,150</u>	-
Total	<u>\$ 13,321,279</u>	<u>\$ 5,160,016</u>	<u>\$ 8,161,263</u>	<u>\$ -</u>

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

Receivables

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$249 in special assessments and \$8,233 of delinquent personal property taxes. Receivables of the General Fund are reported net of uncollectible court receivables in the amount of \$43,480 and uncollectible delinquent personal property taxes of \$8,233.

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 17,277,211	\$ -
Loans receivable not yet due	-	488,300
Funds received, not yet earned	412,143	-
Grants received, not yet earned	<u>289,792</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 17,979,146</u>	<u>\$ 488,300</u>
Unearned revenue included in liabilities	\$ 701,935	
Unearned revenue included in deferred inflows	<u>17,277,211</u>	
Total unearned revenue for governmental funds	<u>\$ 17,979,146</u>	

The Water Utility leases space on its towers to various businesses. Lease payments received by the Water Utility in the current year, which relate to subsequent year rents, are reported as unearned revenue in the statements of net position. These amounts equaled \$125,763 as of December 31, 2023.

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

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

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

Equipment Replacement Account

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

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.

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.

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Following is a list of restricted assets at December 31, 2023:

Restricted assets:	
Redemption account	\$ 294,808
Reserve account	959,933
Depreciation account	50,000
Replacement account	332,179
Park impact	973,393
Park reservation	<u>49,902</u>
Total restricted assets	<u>2,660,215</u>
Less restricted assets not funded by revenues:	
Reserve from borrowing	<u>(959,933)</u>
Total restricted assets not funded by revenues	<u>(959,933)</u>
Current liabilities payable from restricted assets	<u>(15,641)</u>
Total restricted net position as calculated	<u><u>\$ 1,684,641</u></u>

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 20,217,382	\$ 264,262	\$ 7,636	\$ 20,474,008
Construction in progress	<u>317,691</u>	<u>692,479</u>	<u>924,314</u>	<u>85,856</u>
Total capital assets not being depreciated / amortized	<u>20,535,073</u>	<u>956,741</u>	<u>931,950</u>	<u>20,559,864</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	30,545,152	1,306,735	-	31,851,887
Improvements other than buildings	5,908,245	1,774,959	-	7,683,204
Equipment	7,549,812	1,540,586	607,852	8,482,546
Intangibles	42,860	-	-	42,860
Infrastructure	<u>95,228,883</u>	<u>4,184,517</u>	<u>222,931</u>	<u>99,190,469</u>
Total capital assets being depreciated / amortized	<u>139,274,952</u>	<u>8,806,797</u>	<u>830,783</u>	<u>147,250,966</u>
Total capital assets	<u>159,810,025</u>	<u>9,763,538</u>	<u>1,762,733</u>	<u>167,810,830</u>
Less accumulated depreciation / amortization for:				
Buildings and improvements	(13,639,843)	(1,131,983)	-	(14,771,826)
Improvements other than buildings	(2,742,830)	(234,524)	-	(2,977,354)
Equipment	(4,743,053)	(561,924)	587,327	(4,717,650)
Intangibles	(22,762)	(2,430)	-	(25,192)
Infrastructure	<u>(44,939,969)</u>	<u>(2,911,814)</u>	<u>189,306</u>	<u>(47,662,477)</u>
Total accumulated depreciation / amortization	<u>(66,088,457)</u>	<u>(4,842,675)</u>	<u>776,633</u>	<u>(70,154,499)</u>
Net capital assets being depreciated / amortized	<u>73,186,495</u>	<u>3,964,122</u>	<u>54,150</u>	<u>77,096,467</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 93,721,568</u>	<u>\$ 4,920,863</u>	<u>\$ 986,100</u>	<u>\$ 97,656,331</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 55,810
Public safety	265,991
Public works, which includes the depreciation of infrastructure	3,179,236
Health and human services	3,936
Culture and recreation	<u>1,337,702</u>

Total governmental activities depreciation / amortization expense \$ 4,842,675

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Electric				
Capital assets not being depreciated:				
Land and land rights	\$ 285,993	\$ -	\$ -	\$ 285,993
Construction in progress	<u>430,771</u>	<u>1,264,510</u>	<u>1,484,599</u>	<u>210,682</u>
Total capital assets not being depreciated	<u>716,764</u>	<u>1,264,510</u>	<u>1,484,599</u>	<u>496,675</u>
Capital assets being depreciated:				
Distribution	28,334,031	1,580,135	83,360	29,830,806
General	<u>3,960,893</u>	<u>126,038</u>	<u>48,965</u>	<u>4,037,966</u>
Total capital assets being depreciated	<u>32,294,924</u>	<u>1,706,173</u>	<u>132,325</u>	<u>33,868,772</u>
Total capital assets	<u>33,011,688</u>	<u>2,970,683</u>	<u>1,616,924</u>	<u>34,365,447</u>
Less accumulated depreciation for:				
Distribution	(13,818,590)	(1,021,838)	89,578	(14,750,850)
General	<u>(2,773,490)</u>	<u>(177,032)</u>	<u>48,966</u>	<u>(2,901,556)</u>
Total accumulated depreciation	<u>(16,592,080)</u>	<u>(1,198,870)</u>	<u>138,544</u>	<u>(17,652,406)</u>
Net capital assets being depreciated	<u>15,702,844</u>	<u>507,303</u>	<u>(6,219)</u>	<u>16,216,366</u>
Net electric capital assets	<u>\$ 16,419,608</u>	<u>\$ 1,771,813</u>	<u>\$ 1,478,380</u>	<u>\$ 16,713,041</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 171,691	\$ -	\$ -	\$ 171,691
Construction in progress	<u>5,519</u>	<u>397,799</u>	<u>376,032</u>	<u>27,286</u>
Total capital assets not being depreciated	<u>177,210</u>	<u>397,799</u>	<u>376,032</u>	<u>198,977</u>
Capital assets being depreciated:				
Source of supply	530,092	-	-	530,092
Pumping	2,526,236	22,477	2,000	2,546,713
Water treatment	72,936	-	-	72,936
Transmission and distribution	26,792,772	1,719,047	18,560	28,493,259
General	<u>1,861,312</u>	<u>97,179</u>	<u>30,753</u>	<u>1,927,738</u>
Total capital assets being depreciated	<u>31,783,348</u>	<u>1,838,703</u>	<u>51,313</u>	<u>33,570,738</u>
Total capital assets	<u>31,960,558</u>	<u>2,236,502</u>	<u>427,345</u>	<u>33,769,715</u>
Less accumulated depreciation for:				
Source of supply	(327,792)	(15,373)	-	(343,165)
Pumping	(1,666,712)	(86,848)	2,000	(1,751,560)
Water treatment	(68,339)	(4,376)	-	(72,715)
Transmission and distribution	(6,551,886)	(494,983)	18,560	(7,028,309)
General	<u>(1,089,487)</u>	<u>(122,638)</u>	<u>30,753</u>	<u>(1,181,372)</u>
Total accumulated depreciation	<u>(9,704,216)</u>	<u>(724,218)</u>	<u>51,313</u>	<u>(10,377,121)</u>
Net capital assets being depreciated	<u>22,079,132</u>	<u>1,114,485</u>	<u>-</u>	<u>23,193,617</u>
Net water capital assets	<u>\$ 22,256,342</u>	<u>\$ 1,512,284</u>	<u>\$ 376,032</u>	<u>\$ 23,392,594</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 74,585	\$ -	\$ -	\$ 74,585
Construction in progress	-	246,238	246,238	-
Total capital assets not being depreciated	74,585	246,238	246,238	74,585
Capital assets being depreciated:				
Collecting system	15,120,156	1,098,825	17,108	16,201,873
Collecting system pumping	865,953	11,790	-	877,743
Treatment and disposal	705,928	24,552	-	730,480
General	1,420,930	11,223	-	1,432,153
Total capital assets being depreciated	18,112,967	1,146,390	17,108	19,242,249
Total capital assets	18,187,552	1,392,628	263,346	19,316,834
Less accumulated depreciation for:				
Collecting system	(3,971,795)	(305,052)	17,108	(4,259,739)
Collecting system pumping	(464,428)	(30,557)	-	(494,985)
Treatment and disposal	(92,009)	(39,501)	-	(131,510)
Total accumulated depreciation	(4,528,232)	(375,110)	17,108	(4,886,234)
Net capital assets being depreciated	13,584,735	771,280	-	14,356,015
Net sewer capital assets	<u>\$ 13,659,320</u>	<u>\$ 1,017,518</u>	<u>\$ 246,238</u>	<u>\$ 14,430,600</u>
Business-type activities capital assets, net as reported in the statement of net position	<u>\$ 52,335,270</u>	<u>\$ 4,301,615</u>	<u>\$ 2,100,650</u>	<u>\$ 54,536,235</u>

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Electric	\$ 1,088,268
Water	700,877
Sewer	<u>375,110</u>
Total business-type activities depreciation expense	<u>\$ 2,164,255</u>

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Equipment Replacement	TID No. 3	\$ 81,334
General Fund	TID No. 9	42,671
General Fund	Waunakee Utilities	75,487
Waunakee Utilities	General Fund	<u>1,127</u>
Total, fund financial statements		200,619
Less fund eliminations		(124,005)
Less government-wide eliminations		<u>(2,254)</u>
Total internal balances, government-wide statement of net position		<u>\$ 74,360</u>

All amounts are due within one year.

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Waunakee Utilities	\$ 834,497	Tax equivalent
Village Center	General Fund	20,454	Cover Hadfield HRA deposit
Capital Improvements	General Fund	55,000	Budgeted use of fund balance for capital projects
Capital Improvements	General Fund	2,500	American Transmission Company tree grant to pay for trees
Equipment Replacement	General Fund	20,000	Budgeted use of fund balance for equipment replacement
Equipment Replacement	General Fund	70,234	Approved use of fund balance for major engine repairs
Capital Improvements	Park Impact	181,683	Pay for park projects
Debt Service	Village Center	<u>122,347</u>	Excess revenue to pay debt service on building
Subtotal, fund financial statements		1,306,715	
Less fund eliminations		(472,218)	
Less capital contributions		<u>(221,882)</u>	
Total transfers, government-wide statement of activities		<u>\$ 612,615</u>	

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 32,365,000	\$ -	\$ 3,725,000	\$ 28,640,000	\$ 2,925,000
General obligation debt from direct borrowings and direct placements (Discounts)/Premiums:	29,219	-	29,219	-	-
Bond premium	881,834	-	74,259	807,575	-
Total bonds and notes payable	<u>33,276,053</u>	<u>-</u>	<u>3,828,478</u>	<u>29,447,575</u>	<u>2,925,000</u>
Other liabilities:					
Vested compensated absences	1,302,082	85,585	219,966	1,167,701	297,330
Total governmental activities long-term liabilities	<u>\$ 34,578,135</u>	<u>\$ 85,585</u>	<u>\$ 4,048,444</u>	<u>\$ 30,615,276</u>	<u>\$ 3,222,330</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	\$ 3,630,000	\$ -	\$ 865,000	\$ 2,765,000	\$ 875,000
Other liabilities:					
Vested compensated absences	392,234	18,989	-	411,223	41,523
Other liabilities	21,235	31,902	-	53,137	-
Total other liabilities	<u>413,469</u>	<u>50,891</u>	<u>-</u>	<u>464,360</u>	<u>41,523</u>
Total business-type activities long-term liabilities	<u>\$ 4,043,469</u>	<u>\$ 50,891</u>	<u>\$ 865,000</u>	<u>\$ 3,229,360</u>	<u>\$ 916,523</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2023, was \$153,347,015. Total general obligation debt outstanding at year end was \$28,640,000.

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

General Obligation Debt

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

<u>Governmental Activities</u>					
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
General Obligation Bond	11/08/11	11/01/31	1.50-4.80%	\$ 1,345,000	\$ 745,000
General Obligation Bond	10/19/15	11/01/29	3.00-3.50	1,355,000	885,000
General Obligation Bond	01/06/16	04/01/35	2.00-3.00	6,055,000	3,605,000
General Obligation Bond	12/15/16	05/01/29	1.20-2.50	2,920,000	1,725,000
General Obligation Bond	01/12/17	06/01/36	3.00-4.00	8,855,000	6,655,000
General Obligation Bond	06/07/18	06/01/38	3.00-3.55	7,450,000	6,105,000
General Obligation Bond	04/29/20	06/01/35	2.00-3.00	9,620,000	5,435,000
General Obligation Bond	05/18/22	06/01/41	3.00-5.00	3,485,000	3,485,000

Total governmental activities, general obligation debt \$ 28,640,000

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,925,000	\$ 830,565
2025	2,245,000	751,485
2026	2,210,000	685,534
2027	2,265,000	617,783
2028	2,395,000	546,666
2029-2033	10,095,000	1,736,256
2034-2038	5,845,000	490,593
2039-2041	660,000	33,076
Total	<u>\$ 28,640,000</u>	<u>\$ 5,691,958</u>

Revenue Debt

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

Business-Type Activities Revenue Debt

<u>Other Enterprise Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
2011 Water and Light	12/21/11	10/02/26	0.80-3.20%	\$ 3,845,000	\$ 900,000
2013 Water and Light	03/14/13	10/01/25	2.00-2.35	3,385,000	424,000
2013 Sewer Bonds	03/14/13	05/01/30	2.00-2.85	2,325,000	1,116,000
2016 Water and Light	09/01/16	10/01/26	1.50-2.00	1,000,000	325,000

Total business-type activities, revenue debt \$ 2,765,000

Village of Waunakee

Notes to Financial Statements

December 31, 2023

All water and electric revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2023 was \$770,622. Total customer net revenues as defined for the same period was \$3,589,386. Annual principal and interest payments are expected to require 16% of net revenues on average.

All sewer revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2023 was \$186,145. Total customer net revenues as defined for the same period was \$911,961. Annual principal and interest payments are expected to require 19% of net revenues on average.

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 875,000	\$ 70,500
2025	730,000	48,419
2026	515,000	29,898
2027	155,000	15,937
2028	160,000	11,604
2029-2030	<u>330,000</u>	<u>9,546</u>
Total	<u>\$ 2,765,000</u>	<u>\$ 185,904</u>

Other Debt Information

Bond Covenant Disclosures

Insurance

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Debt Coverage - Water and Electric

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.3 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2023 as follows:

Operating revenues	\$ 17,803,499
Investment income	563,551
Miscellaneous nonoperating income	<u>(14,777,664)</u>
Net defined earnings	<u>\$ 3,589,386</u>
Minimum required earnings per resolution:	
Highest annual debt service	\$ 756,694
Coverage factor	<u>1.30</u>
Minimum required earnings	<u>\$ 983,702</u>
Actual debt coverage	<u>4.74</u>

Debt Coverage - Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2023 as follows:

Operating revenues	\$ 3,752,781
Investment income	150,937
Miscellaneous nonoperating income	<u>(2,991,757)</u>
Net defined earnings	<u>\$ 911,961</u>
Minimum required earnings per resolution:	
Highest annual debt service	\$ 188,806
Coverage factor	<u>1.25</u>
Minimum required earnings	<u>\$ 236,008</u>
Actual debt coverage	<u>4.83</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Number of Customers and Billed Volumes - Electric

The utility has the following number of customers and billed volumes for 2023:

	Customers	Sales (000 kWh)
	2023	2023
Residential	6,497	55,463
General	767	15,642
Small power	66	17,988
Large power	18	25,888
Industrial	4	17,755
Street and highway lighting	12	401
Total	<u>7,364</u>	<u>133,137</u>

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2023:

	Customers	Sales (000 gals)
	2023	2023
Residential	4,964	298,014
Commercial	276	37,898
Industrial	17	150,980
Public authority	34	11,305
Multifamily residential	67	34,934
Interdepartmental	2	1,038
Total	<u>5,360</u>	<u>534,169</u>

Number of Customers and Billed Volumes - Sewer

The utility has the following number of customers and billed volumes for 2023:

	Customers	Sales (000 gals)
	2023	2023
Residential	4,940	238,435
Commercial	313	55,910
Industrial	15	131,847
Public authority	25	6,691
Wholesale	2	570
Total	<u>5,295</u>	<u>433,453</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>				Receivable Balance December 31, 2023
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Fire station	01/01/2008	12/31/2037	3.50%	\$ 488,366
Total governmental activities				<u>\$ 488,366</u>

The Village recognized \$13,387 of lease revenue during the fiscal year.

The Village recognized \$24,968 of interest revenue during the fiscal year.

<u>Business-Type Activities</u>				Receivable Balance December 31, 2023
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Cellular antennae space	05/18/2004 - 03/26/2022	05/18/2023 - 03/26/2047	2.00%	\$ 3,327,571
Total business-type activities				<u>\$ 3,327,571</u>

The Utilities recognized \$136,466 of lease revenue during the fiscal year.

The Utilities recognized \$69,281 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2023, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	\$ 20,474,008
Construction in progress	85,856
Other capital assets, net of accumulated depreciation/amortization	77,096,467
Less long-term debt outstanding (excluding unspent capital related debt proceeds)	(28,640,000)
Plus noncapital debt proceeds	1,705,979
Plus unspent capital related debt proceeds	171,756
Less capital related accounts payable	(572,730)
Less deferred gain on refunding	(571,540)
Less unamortized debt premium	<u>(807,575)</u>
Total net investment in capital assets	<u>\$ 68,942,221</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2023, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements</u>	<u>TID No. 3</u>	<u>TID No. 6</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances							
Nonspendable:							
Prepaid items	\$ 341,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,193
Subtotal	<u>341,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,193</u>
Restricted for:							
Debt service	-	681,500	-	-	-	-	681,500
Park reservation	-	-	-	-	-	49,902	49,902
Park impact	-	-	-	-	-	973,393	973,393
TIF related projects	-	-	-	609,923	1,811,738	653,965	3,075,626
Capital projects (unspent debt proceeds)	-	-	171,756	-	-	-	171,756
Library	-	-	-	-	-	124,317	124,317
Senior center	-	-	-	-	-	500,517	500,517
Community development	-	-	-	-	-	27,429	27,429
Grants	-	-	-	-	-	45,640	45,640
Housing betterment	-	-	-	-	-	164,439	164,439
Subtotal	<u>-</u>	<u>681,500</u>	<u>171,756</u>	<u>609,923</u>	<u>1,811,738</u>	<u>2,539,602</u>	<u>5,814,519</u>
Committed to:							
Senior center	-	-	-	-	-	38,259	38,259
Senior center fundraising	-	-	-	-	-	13,066	13,066
Village center	-	-	-	-	-	349,643	349,643
Equipment replacement	-	-	-	-	-	909,896	909,896
Capital related purposes	-	-	2,248,323	-	-	-	2,248,323
Subtotal	<u>-</u>	<u>-</u>	<u>2,248,323</u>	<u>-</u>	<u>-</u>	<u>1,310,864</u>	<u>3,559,187</u>

Village of Waunakee

Notes to Financial Statements

December 31, 2023

	General Fund	Debt Service Fund	Capital Improvements	TID No. 3	TID No. 6	Nonmajor Funds	Total
Assigned to:							
Reassessment	\$ 165,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,676
Elections	183,718	-	-	-	-	-	183,718
WaunaBoom	39,619	-	-	-	-	-	39,619
Canine Program	6,679	-	-	-	-	-	6,679
Library fountain maintenance	1,446	-	-	-	-	-	1,446
Art on Main Creative Economy initiatives	13,917	-	-	-	-	-	13,917
Create Waunakee	5,262	-	-	-	-	-	5,262
Future Wings mural upkeep	2,688	-	-	-	-	-	2,688
Waunakee Artisan Market-scholarship fund	850	-	-	-	-	-	850
Village Board strategic planning	23,843	-	-	-	-	-	23,843
Administration intern program	10,161	-	-	-	-	-	10,161
Joint Venture stabilization	200,000	-	-	-	-	-	200,000
PD promotional expenses (NNO donations)	2,087	-	-	-	-	-	2,087
Stormwater survey work (Monsanto PCB settlement)	17,414	-	-	-	-	-	17,414
CD software purchases	10,165	-	-	-	-	-	10,165
CD ordinance work	10,000	-	-	-	-	-	10,000
CD Century Ave visioning	25,000	-	-	-	-	-	25,000
CD annual bus tour	1,000	-	-	-	-	-	1,000
CD community and business marketing	7,500	-	-	-	-	-	7,500
Parks non-lapsing fund	56,921	-	-	-	-	-	56,921
Fund balance applied to subsequent budget	475,322	-	-	-	-	-	475,322
Accumulated sick leave conversion	1,012,948	-	-	-	-	-	1,012,948
Subtotal	2,272,216	-	-	-	-	-	2,272,216
Unassigned (Deficit)	3,844,093	-	-	-	-	(57,886)	3,786,207
Total fund balances	<u>\$ 6,457,502</u>	<u>\$ 681,500</u>	<u>\$ 2,420,079</u>	<u>\$ 609,923</u>	<u>\$ 1,811,738</u>	<u>\$ 3,792,580</u>	<u>\$ 15,773,322</u>

Business-Type Activities

Net investment in capital assets:

Plant in service	\$ 87,214,028
Accumulated depreciation	(32,915,761)
Construction work in progress	237,968
Less long-term debt outstanding	(875,000)
Less long-term portion of capital related long-term debt	(1,890,000)
Plus deferred loss on refunding	21,254
Plus unspent debt proceeds	<u>959,933</u>

Total net investment in capital assets \$ 52,752,422

4. Other Information

Employees' Retirement System

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

Contributions

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

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

During the reporting period, the WRS recognized \$441,734 in contributions from the Village, and \$106,843 from the Utilities.

Contribution rates for the plan year reported as of December 31, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

At December 31, 2023, the Village reported a liability of \$1,951,689 and the Utilities reported a liability of \$461,004 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.03684029%, which was an increase of 0.00111302% from its proportion measured as of December 31, 2021. At December 31, 2022 the Utilities proportion was .00870197%, which was an increase of .00004229% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$964,222 and the Utilities recognized a pension expense of \$230,215.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Village of Waunakee		
Differences between projected and actual experience	\$ 3,108,436	\$ 4,083,787
Changes in assumptions	383,782	-
Net differences between projected and actual earnings on pension plan investments	3,315,470	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,044	29,787
Employer contributions subsequent to the measurement date	504,610	-
Total	<u>\$ 7,321,342</u>	<u>\$ 4,113,574</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Waunakee Utilities		
Differences between projected and actual experience	\$ 734,237	\$ 964,623
Changes in assumptions	90,652	-
Net differences between projected and actual earnings on pension plan investments	783,140	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,144	1,560
Employer contributions subsequent to the measurement date	116,928	-
Total	<u>\$ 1,726,101</u>	<u>\$ 966,183</u>

Village of Waunakee

Notes to Financial Statements
December 31, 2023

\$504,610 reported as deferred outflows related to pension resulting from the Village's contributions and \$116,928 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, 2024. 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:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 109,769
2025	558,038
2026	570,177
2027	1,465,174

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:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 26,765
2025	133,048
2026	136,243
2027	346,934

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

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

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

** New England Pension Consultants' Long Term U.S. CPI (Inflation) Forecast: 2.5%

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Village's proportionate share of the net pension liability (asset)	\$ 6,477,593	\$ 1,951,689	\$ (1,161,744)
Utilities' proportionate share of the net pension liability (asset)	1,530,059	461,004	(274,413)

Pension Plan Fiduciary Net Position

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

At December 31, 2023, the Village and Utilities reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Commitments and Contingencies

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

Long-Term Contracts, WPPI Energy

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$253 million as of December 31, 2023.

Joint Ventures

EMS

The Village and the towns of Westport, Dane, Vienna and Springfield, jointly operate the local EMS District, which is called the WWDVS, and provides ambulance and rescue service. The communities share in the operation of the District based on population. The governing body is made up of board members from each community. Local representatives are appointed by the local board. The governing body has authority to adopt its own budget and control the financial affairs of the district. The Village made payments totaling \$517,865 to the District for 2023. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2023 is \$1,830,004 and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. Financial information of the District as of December 31, 2023 is available directly from the District's office.

Village of Waunakee

Notes to Financial Statements
December 31, 2023

Fire

The Village and towns of Westport, Vienna and Springfield jointly operate the local fire district, which is called the Waunakee Fire District, and provides fire protection service. The communities share in the operation of the District based on equalized values. The governing body is made up of two trustees from the Village Board and one member from each Town Board and the presiding officer of the Fire Department. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village made payments totaling \$748,762 to the district for 2023. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2023 is \$1,880,328 and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. Financial information of the District as of December 31, 2023 is available directly from the District's office.

Refuse

The Village, City of Middleton, and Village of Shorewood Hills jointly operate the local refuse district, which is called the Metropolitan Refuse District, and provides landfill services. The communities share in the operation of the District based on equalized values. The governing body is made up of citizens from each community. Local representatives are appointed by the board or council. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2023 is (\$213,286), which is based upon the most recent available financial information and is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities. The Village made payments totaling \$60,250 to the District for 2023. Financial information of the District as of December 31, 2023 is available directly from the District's office.

Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

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

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

Benefits Provided

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2023 are:

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

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

<u>Life Insurance Member Contribution Rates *For the Plan Year</u>		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

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

During the reporting period, the LRLIF recognized \$3,327 in contributions from the Village and \$1,158 from the Utilities.

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

At December 31, 2023, the Village reported a liability of \$631,825 and the Utilities reported a liability of \$220,014 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.16584100%, which was an increase of 0.00242500% from its proportion measured as of December 31, 2021. At December 31, 2022, the Utilities' proportion was 0.05774900%, which was an increase of 0.00029400% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized OPEB expense of \$81,157. For the year ended December 31, 2023, the Utilities recognized OPEB expense of \$28,194.

At December 31, 2023, the Village and Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,834
Net differences between projected and actual earnings on plan investments	11,856	-
Changes in actuarial assumptions	227,001	372,950
Changes in proportion and differences between employer contributions and proportionate share of contributions	75,030	-
Employer contributions subsequent to the measurement date	<u>3,619</u>	<u>-</u>
Total	<u>\$ 317,506</u>	<u>\$ 434,784</u>
Waunakee Utilities	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,533
Net differences between projected and investment earnings on plan investments	4,128	-
Changes in actuarial assumptions	79,047	129,869
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>36,656</u>	<u>3,483</u>
Total	<u>\$ 119,831</u>	<u>\$ 154,885</u>

Village of Waunakee

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

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 8,630
2025	2,425
2026	7,805
2027	(28,086)
2028	(56,118)
Thereafter	(55,553)

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

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 2,848
2025	530
2026	4,728
2027	(5,840)
2028	(17,632)
Thereafter	(19,688)

Village of Waunakee

Notes to Financial Statements

December 31, 2023

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index

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

Long-Term Expected Return on Plan Assets

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

Village of Waunakee

Notes to Financial Statements

December 31, 2023

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	50.00%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50.00	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

The following presents the Village's and Utilities' proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, as well as what the Village's and Utilities' proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Village's proportionate share of the net OPEB liability (asset)	\$ 861,427	\$ 631,825	\$ 455,863

Village of Waunakee

Notes to Financial Statements

December 31, 2023

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Utilities' proportionate share of the net OPEB liability (asset)	\$ 299,965	\$ 220,014	\$ 158,740

At December 31, 2023, the Village and Utilities reported a payable to the OPEB plan of \$0, which represents contractually required contributions outstanding as of the end of the year.

Subsequent Event

On June 3, 2024, the Village Board approved the sale of general obligation promissory notes in the amount of \$8,925,000. This amount will be used for various capital projects.

Tax Abatement

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

The Village is disclosing all abatement agreements individually.

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

For the year ended December 31, 2023, the Village abated property taxes totaling \$736,874 under this program, including the following tax abatement agreements:

- \$21,136 to a developer for acquiring property and constructing a building.
- \$16,426 to a developer for expansion of a facility.
- \$77,551 to a developer for acquiring property and constructing a building.
- \$46,850 to a developer for constructing a building.
- \$67,520 to a developer for acquiring property and constructing a building.
- \$228,000 to a developer for infrastructure additions.
- \$53,447 to a developer for acquiring property and renovating a building.
- \$221,969 to a developer for acquiring property and constructing a building.
- \$1,299 to a developer for expansion of a facility.
- \$29,676 to a developer for expansion of a facility.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Waunakee

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 7,056,705	\$ 7,056,705	\$ 7,075,972	\$ 19,267
Intergovernmental	1,517,252	1,517,252	1,606,643	89,391
Licenses and permits	280,845	398,032	655,631	257,599
Fines, forfeitures and penalties	61,150	61,150	51,459	(9,691)
Public charges for services	887,320	1,667,762	2,341,970	674,208
Intergovernmental charges for services	185,265	185,265	208,170	22,905
Investment income	150,000	150,000	496,617	346,617
Miscellaneous revenues	53,556	142,459	305,272	162,813
Total revenues	10,192,093	11,178,625	12,741,734	1,563,109
Expenditures				
General government:				
Village Board	72,990	91,833	61,406	30,427
Municipal court	121,479	142,336	142,336	-
Legal	57,500	57,500	47,250	10,250
Administrator	422,973	436,673	433,926	2,747
Clerk	193,304	193,304	182,610	10,694
Elections	77,281	237,504	53,564	183,940
Network administration	95,418	99,760	99,760	-
Assessor	108,784	270,918	105,242	165,676
Finance	410,939	422,446	422,446	-
Village hall	82,969	82,969	73,958	9,011
Contingency	40,000	40,000	-	40,000
Tax refunds	-	4,665	4,665	-
Uncollectible receivables	-	1,472	1,472	-
Risk management	216,814	216,814	188,278	28,536
710 South St	14,206	14,206	13,147	1,059
Payments to townships	2,860	2,860	2,860	-
Total general government	1,917,517	2,315,260	1,832,920	482,340
Public safety:				
Police	3,459,468	3,467,433	3,361,718	105,715
Fire protection	752,262	752,262	752,262	-
Ambulance	521,365	521,365	521,365	-
Inspection	150,961	268,148	268,148	-
Mill Road siren electric	192	192	192	-
N Century siren electric	192	192	181	11
Total public safety	4,884,440	5,009,592	4,903,866	105,726

See notes to required supplementary information

Village of Waunakee

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public works:				
Engineering	\$ 266,222	\$ 266,222	\$ 235,582	\$ 30,640
Street maintenance	670,383	988,734	988,734	-
Snow and ice control	320,361	210,170	194,674	15,496
Public works facility	52,466	52,466	44,502	7,964
Street lighting	144,000	144,000	95,843	48,157
Sidewalks	1,000	1,000	-	1,000
Stormwater	76,753	76,753	60,213	16,540
Garbage and refuse	503,750	555,390	555,390	-
Recycling	493,556	493,556	480,553	13,003
Weed control services	500	500	205	295
Total public works	<u>2,528,991</u>	<u>2,788,791</u>	<u>2,655,696</u>	<u>133,095</u>
Culture and recreation:				
Library	1,584,416	1,585,862	1,537,483	48,379
Parks	566,816	421,559	412,636	8,923
WaunaBoom	30,000	94,844	94,844	-
Forestry	20,000	25,100	12,005	13,095
Cable tv	-	1,500	1,500	-
Other	1,000	1,000	401	599
Create waunakee	<u>10,000</u>	<u>30,236</u>	<u>17,421</u>	<u>12,815</u>
Total culture and recreation	<u>2,212,232</u>	<u>2,160,101</u>	<u>2,076,290</u>	<u>83,811</u>
Conservation and development:				
Development	<u>240,964</u>	<u>1,037,164</u>	<u>1,583,060</u>	<u>(545,896)</u>
Total conservation and development	<u>240,964</u>	<u>1,037,164</u>	<u>1,583,060</u>	<u>(545,896)</u>
Total expenditures	<u>11,784,144</u>	<u>13,310,908</u>	<u>13,051,832</u>	<u>259,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,592,051)</u>	<u>(2,132,283)</u>	<u>(310,098)</u>	<u>1,822,185</u>
Other Financing Sources (Uses)				
Transfers in	1,106,000	1,106,000	834,497	(271,503)
Transfers out	<u>(75,000)</u>	<u>(168,188)</u>	<u>(168,188)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,031,000</u>	<u>937,812</u>	<u>666,309</u>	<u>(271,503)</u>
Net change in fund balance	<u>\$ (561,051)</u>	<u>\$ (1,194,471)</u>	<u>356,211</u>	<u>\$ 1,550,682</u>
Fund Balance, Beginning			<u>6,101,291</u>	
Fund Balance, Ending			<u>\$ 6,457,502</u>	

See notes to required supplementary information

Village of Waunakee

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2023

Village of Waunakee

WRS Fiscal Year End Date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.02851252%	\$ (700,345)	\$ 3,382,014	20.71%	102.74%
12/31/15	0.02820314%	458,296	3,505,954	13.07%	98.20%
12/31/16	0.02845406%	234,529	3,659,081	6.41%	99.12%
12/31/17	0.02989733%	(887,687)	3,961,612	22.41%	102.93%
12/31/18	0.03172163%	1,128,556	4,252,603	26.54%	96.45%
12/31/19	0.03323728%	(1,071,721)	4,487,357	23.88%	102.96%
12/31/20	0.03489288%	(2,178,410)	4,907,390	44.39%	105.26%
12/31/21	0.03572727%	(2,879,683)	4,934,295	58.36%	106.02%
12/31/22	0.03684029%	1,951,689	5,209,489	37.46%	95.72%

Waunakee Utilities

WRS Fiscal Year End Date	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.00793881%	\$ (194,998)	\$ 1,108,688	17.59%	102.74%
12/31/15	0.00815094%	132,451	1,217,988	10.87%	98.20%
12/31/16	0.00840833%	69,306	1,263,677	5.48%	99.12%
12/31/17	0.00876072%	(260,116)	1,330,336	20.65%	102.93%
12/31/18	0.00870228%	309,599	1,293,695	23.93%	96.45%
12/31/19	0.00867463%	(279,709)	1,385,960	20.18%	102.96%
12/31/20	0.00870620%	(543,540)	1,505,794	36.10%	105.26%
12/31/21	0.00874426%	(704,803)	1,476,596	47.73%	106.02%
12/31/22	0.00870197%	461,004	1,650,425	27.77%	95.72%

See notes to required supplementary information

Village of Waunakee

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2023

Village of Waunakee

Villages Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 271,905	\$ 271,905	\$ -	\$ 3,505,954	7.76%
12/31/16	280,004	280,004	-	3,659,081	7.65%
12/31/17	324,080	324,080	-	3,961,612	8.18%
12/31/18	351,398	351,398	-	4,252,603	8.26%
12/31/19	393,096	393,096	-	4,487,358	8.09%
12/31/20	404,176	404,176	-	4,907,390	8.24%
12/31/21	422,002	422,002	-	4,934,295	8.55%
12/31/22	461,194	461,194	-	5,209,489	8.85%
12/31/23	504,610	504,610	-	5,527,489	9.13%

Waunakee Utilities

Utilities Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 82,823	\$ 82,823	\$ -	\$ 1,217,988	6.80%
12/31/16	83,402	83,402	-	1,263,677	6.60%
12/31/17	90,463	90,463	-	1,330,336	6.80%
12/31/18	92,028	92,028	-	1,293,695	7.11%
12/31/19	90,781	90,781	-	1,385,960	6.55%
12/31/20	101,641	101,641	-	1,505,794	6.75%
12/31/21	99,699	99,699	-	1,476,596	6.75%
12/31/22	106,843	106,843	-	1,650,425	6.47%
12/31/23	116,928	116,928	-	1,612,278	7.25%

See notes to required supplementary information

Village of Waunakee

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

Local Retiree Life Insurance Fund

Year Ended December 31, 2023

Village of Waunakee

ETF Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.12507500%	\$ 376,298	\$ 3,961,612	9.50%	44.81%
12/31/18	0.13504100%	348,451	3,739,000	9.32%	48.69%
12/31/19	0.14770400%	628,952	4,309,000	14.60%	37.58%
12/31/20	0.15712500%	864,301	4,255,000	20.31%	61.36%
12/31/21	0.16341600%	965,849	4,610,000	20.95%	29.57%
12/31/22	0.16584100%	631,825	4,580,000	13.80%	38.81%

Waunakee Utilities

ETF Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.04699600%	\$ 141,390	\$ 1,330,336	10.63%	44.81%
12/31/18	0.04274200%	110,289	1,293,696	8.53%	48.69%
12/31/19	0.04323200%	184,089	1,385,961	13.28%	37.58%
12/31/20	0.05126000%	281,967	1,388,000	20.31%	37.58%
12/31/21	0.05745500%	339,580	1,454,000	23.35%	29.57%
12/31/22	0.05774900%	220,014	1,436,000	15.32%	38.81%

See notes to required supplementary information

Village of Waunakee

Schedule of Employer Contributions - Local Retiree Life Insurance Fund
Year Ended December 31, 2023

Village of Waunakee

Villages Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 2,608	\$ 2,608	\$ -	\$ 4,252,603	0.06%
12/31/19	2,931	2,931	-	4,487,358	0.07%
12/31/20	3,140	3,140	-	4,907,390	0.06%
12/31/21	3,310	3,310	-	4,934,295	0.07%
12/31/22	3,364	3,364	-	5,209,489	0.06%
12/31/23	3,619	3,619	-	5,527,489	0.07%

Waunakee Utilities

Utilities Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 826	\$ 826	\$ -	\$ 1,293,696	0.06%
12/31/19	831	831	-	1,385,961	0.06%
12/31/20	1,050	1,050	-	1,388,000	0.08%
12/31/21	1,033	1,033	-	1,454,000	0.07%
12/31/22	1,175	1,175	-	1,650,425	0.07%
12/31/23	1,158	1,158	-	1,612,278	0.07%

See notes to required supplementary information

Village of Waunakee

Notes to Required Supplementary Information
Year Ended December 31, 2023

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were as follows: \$2,242,215 in the General Fund, \$4,246 in the Senior Center, \$24,643 in the Village Center, and \$62,145 in Equipment Replacement. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

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

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

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

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

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

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

Village of Waunakee

Notes to Required Supplementary Information
Year Ended December 31, 2023

Local Retiree Life Insurance Fund

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

Village of Waunakee

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds			
	Park Reservation	Park Impact	Library	Senior Center
Assets				
Cash and investments	\$ -	\$ -	\$ 124,317	\$ 542,200
Restricted cash and investments	49,902	973,393	-	-
Receivables (net):				
Taxes	-	-	-	405,457
Accounts	-	-	-	350
Loans	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 49,902</u>	<u>\$ 973,393</u>	<u>\$ 124,317</u>	<u>\$ 948,007</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,402
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	372
Total liabilities	-	-	-	<u>3,774</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	405,457
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	<u>405,457</u>
Fund Balances (Deficit)				
Restricted	49,902	973,393	124,317	500,517
Committed	-	-	-	38,259
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>49,902</u>	<u>973,393</u>	<u>124,317</u>	<u>538,776</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 49,902</u>	<u>\$ 973,393</u>	<u>\$ 124,317</u>	<u>\$ 948,007</u>

Special Revenue Funds					Capital Projects Funds	
Senior Center Fundraising	Village Center	Community Development /Betterment	Grants	Housing Betterment	Equipment Replacement	TID No. 4
\$ 13,720	\$ 440,729	\$ 16,378	\$ 385,951	\$ 164,439	\$ 828,562	\$ 102,417
-	-	-	-	-	-	-
-	724,184	-	-	-	525,000	101,389
-	17,920	11,051	-	-	-	-
-	-	-	-	163,300	-	-
-	-	-	-	-	81,334	-
<u>\$ 13,720</u>	<u>\$ 1,182,833</u>	<u>\$ 27,429</u>	<u>\$ 385,951</u>	<u>\$ 327,739</u>	<u>\$ 1,434,896</u>	<u>\$ 203,806</u>
\$ 654	\$ 18,685	\$ -	\$ 50,519	\$ -	\$ -	\$ 9,200
-	-	-	-	-	-	-
-	90,321	-	289,792	-	-	-
<u>654</u>	<u>109,006</u>	<u>-</u>	<u>340,311</u>	<u>-</u>	<u>-</u>	<u>9,200</u>
-	724,184	-	-	-	525,000	101,389
-	-	-	-	163,300	-	-
-	724,184	-	-	163,300	525,000	101,389
-	-	27,429	45,640	164,439	-	93,217
13,066	349,643	-	-	-	909,896	-
-	-	-	-	-	-	-
<u>13,066</u>	<u>349,643</u>	<u>27,429</u>	<u>45,640</u>	<u>164,439</u>	<u>909,896</u>	<u>93,217</u>
<u>\$ 13,720</u>	<u>\$ 1,182,833</u>	<u>\$ 27,429</u>	<u>\$ 385,951</u>	<u>\$ 327,739</u>	<u>\$ 1,434,896</u>	<u>\$ 203,806</u>

Village of Waunakee

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Capital Projects Funds				
	TID No. 5	TID No. 7	TID No. 8	TID No. 9	TID No. 10
Assets					
Cash and investments	\$ 121,465	\$ 275,365	\$ 163,918	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-
Receivables (net):					
Taxes	522,158	106,831	374,141	289,627	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 643,623</u>	<u>\$ 382,196</u>	<u>\$ 538,059</u>	<u>\$ 289,627</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 203	\$ 15,012
Due to other funds	-	-	-	42,671	-
Unearned revenues	-	-	-	-	-
Total liabilities	-	-	-	<u>42,874</u>	<u>15,012</u>
Deferred Inflows of Resources					
Unearned revenues	522,158	106,831	374,141	289,627	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>522,158</u>	<u>106,831</u>	<u>374,141</u>	<u>289,627</u>	<u>-</u>
Fund Balances (Deficit)					
Restricted	121,465	275,365	163,918	-	-
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	<u>(42,874)</u>	<u>(15,012)</u>
Total fund balances (deficit)	<u>121,465</u>	<u>275,365</u>	<u>163,918</u>	<u>(42,874)</u>	<u>(15,012)</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 643,623</u>	<u>\$ 382,196</u>	<u>\$ 538,059</u>	<u>\$ 289,627</u>	<u>\$ -</u>

**Total
Nonmajor
Governmental
Funds**

\$ 3,179,461

1,023,295

3,048,787

29,321

163,300

81,334

\$ 7,525,498

\$ 97,675

42,671

380,485

520,831

3,048,787

163,300

3,212,087

2,539,602

1,310,864

(57,886)

3,792,580

\$ 7,525,498

Village of Waunakee

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue Funds			
	Park Reservation	Park Impact	Library Fund	Senior Center
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 399,659
Intergovernmental	-	-	-	139,720
Licenses and permits	-	361,591	-	-
Public charges for services	-	-	25,197	61,049
Intergovernmental charges for services	-	-	-	42,594
Investment income	2,494	49,997	5,415	35,314
Miscellaneous revenues	-	-	16,094	14,016
Total revenues	<u>2,494</u>	<u>411,588</u>	<u>46,706</u>	<u>692,352</u>
Expenditures				
Current:				
General government	-	-	-	-
Health and human services	-	-	-	675,768
Culture and recreation	-	-	10,559	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>10,559</u>	<u>675,768</u>
Excess (deficiency) of revenues over expenditures	<u>2,494</u>	<u>411,588</u>	<u>36,147</u>	<u>16,584</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Transfers out	-	(181,683)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(181,683)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,494	229,905	36,147	16,584
Fund Balances (Deficit), Beginning	<u>47,408</u>	<u>743,488</u>	<u>88,170</u>	<u>522,192</u>
Fund Balances (Deficit), Ending	<u>\$ 49,902</u>	<u>\$ 973,393</u>	<u>\$ 124,317</u>	<u>\$ 538,776</u>

Special Revenue Funds					Capital Projects Funds	
Senior Center Fundraising	Village Center	Community Development /Betterment	Grants	Housing Betterment	Equipment Replacement	TID No. 4
\$ -	\$ 636,889	\$ 23,056	\$ -	\$ -	\$ 475,000	\$ 113,194
-	-	-	462,566	-	-	3,253
-	-	-	-	-	-	-
-	832,117	-	-	-	-	-
-	-	-	-	-	-	-
685	36,742	405	28,389	8,224	54,577	6,331
6,060	65,871	-	-	-	-	-
6,745	1,571,619	23,461	490,955	8,224	529,577	122,778
-	-	-	75,023	-	-	-
6,817	-	-	4,661	-	-	-
-	1,481,294	-	25,479	-	-	-
-	-	6,891	9,880	-	-	-
-	-	-	347,523	-	698,946	29,455
-	-	-	-	-	-	125,000
-	-	-	-	-	-	2,500
6,817	1,481,294	6,891	462,566	-	698,946	156,955
(72)	90,325	16,570	28,389	8,224	(169,369)	(34,177)
-	20,454	-	-	-	90,234	-
-	-	-	-	-	625	-
-	(122,347)	-	-	-	-	-
-	(101,893)	-	-	-	90,859	-
(72)	(11,568)	16,570	28,389	8,224	(78,510)	(34,177)
13,138	361,211	10,859	17,251	156,215	988,406	127,394
<u>\$ 13,066</u>	<u>\$ 349,643</u>	<u>\$ 27,429</u>	<u>\$ 45,640</u>	<u>\$ 164,439</u>	<u>\$ 909,896</u>	<u>\$ 93,217</u>

Village of Waunakee

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Capital Projects Funds				
	TID No. 5	TID No. 7	TID No. 8	TID No. 9	TID No. 10
Revenues					
Taxes	\$ 566,981	\$ 109,288	\$ 402,915	\$ 59,629	\$ -
Intergovernmental	7,990	-	-	-	-
Licenses and permits	-	-	-	-	-
Public charges for services	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-
Investment income	11,061	15,313	8,283	-	-
Miscellaneous revenues	-	-	-	283	-
Total revenues	<u>586,032</u>	<u>124,601</u>	<u>411,198</u>	<u>59,912</u>	<u>-</u>
Expenditures					
Current:					
General government	-	-	-	-	1,512
Health and human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Conservation and development	-	-	-	-	13,500
Capital outlay	126,551	55,597	224,437	53,154	-
Debt service:					
Principal	120,000	-	50,000	-	-
Interest and fiscal charges	<u>44,493</u>	<u>-</u>	<u>29,119</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>291,044</u>	<u>55,597</u>	<u>303,556</u>	<u>53,154</u>	<u>15,012</u>
Excess (deficiency) of revenues over expenditures	<u>294,988</u>	<u>69,004</u>	<u>107,642</u>	<u>6,758</u>	<u>(15,012)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	294,988	69,004	107,642	6,758	(15,012)
Fund Balances (Deficit), Beginning	<u>(173,523)</u>	<u>206,361</u>	<u>56,276</u>	<u>(49,632)</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ 121,465</u>	<u>\$ 275,365</u>	<u>\$ 163,918</u>	<u>\$ (42,874)</u>	<u>\$ (15,012)</u>

**Total
Nonmajor
Governmental
Funds**

\$ 2,786,611
613,529
361,591
918,363

42,594
263,230
102,324

5,088,242

76,535
687,246
1,517,332

30,271
1,535,663

295,000
76,112

4,218,159

870,083

110,688
625
(304,030)

(192,717)

677,366

3,115,214

\$ 3,792,580

Waunakee Utilities

An Enterprise Fund of the Village of Waunakee, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Waunakee Utilities

An Enterprise Fund of the Village of Waunakee, Wisconsin
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Waunakee Utilities

An Enterprise Fund of the Village of Waunakee, Wisconsin

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Independent Auditors' Report

To the Utilities Commission of
Waunakee Utilities

Opinion

We have audited the financial statements of the Waunakee Utilities (the Utilities), an enterprise fund of the Village of Waunakee, Wisconsin as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Utilities as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Utilities and do not purport to, and do not, present fairly the financial position of the Village of Waunakee, Wisconsin as of December 31, 2024 and 2023, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
April 4, 2025

Waunakee Utilities

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 14,029,175	\$ 12,677,928
Interest receivable	111,330	103,784
Restricted assets:		
Redemption account	253,355	294,808
Customer accounts receivable	1,833,228	1,760,680
Other accounts receivable	184,097	161,999
Due from Municipality	4,143	1,127
Materials and supplies	1,164,189	1,096,536
Current portion of lease receivable	<u>107,842</u>	<u>99,664</u>
Total current assets	<u>17,687,359</u>	<u>16,196,526</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	959,933	959,933
Depreciation account	50,000	50,000
Replacement account	384,000	332,179
Other assets:		
Preliminary survey and investigation	33,125	-
Lease receivable	3,120,065	3,227,907
Capital assets:		
Plant in service	94,047,398	87,214,028
Accumulated depreciation	(35,082,111)	(32,915,761)
Construction work in progress	<u>606,188</u>	<u>237,968</u>
Total noncurrent assets	<u>64,118,598</u>	<u>59,106,254</u>
Total assets	<u>81,805,957</u>	<u>75,302,780</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	12,368	21,254
Deferred outflows related to pension	1,132,902	1,726,101
Deferred outflows related to OPEB	<u>105,040</u>	<u>119,831</u>
Total deferred outflows of resources	<u>1,250,310</u>	<u>1,867,186</u>

See notes to the financial statements

Waunakee Utilities

Statements of Net Position
December 31, 2024 and 2023

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 1,629,989	\$ 1,552,001
Due to Municipality	115,266	75,487
Customer deposits	62,839	50,952
Accrued and other current liabilities	94,303	76,689
Accrued liabilities	834,606	332,000
Commitment to community	46,985	54,304
Unearned revenue	93,465	125,763
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	730,000	875,000
Accrued interest	10,438	15,641
Total current liabilities	<u>3,617,891</u>	<u>3,157,837</u>
Noncurrent Liabilities		
Revenue bonds	1,160,000	1,890,000
Compensated absences	356,400	369,700
Net other postemployment benefits	237,863	220,014
Other liabilities	46,294	53,137
Net pension liability	<u>125,734</u>	<u>461,004</u>
Total noncurrent liabilities	<u>1,926,291</u>	<u>2,993,855</u>
Total liabilities	<u>5,544,182</u>	<u>6,151,692</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	672,444	966,183
Deferred inflows related to OPEB	142,360	154,885
Deferred inflows related to leases	<u>3,227,907</u>	<u>3,327,571</u>
Total deferred inflows of resources	<u>4,042,711</u>	<u>4,448,639</u>
Net Position		
Net investment in capital assets	58,653,776	52,752,422
Restricted for:		
Debt service	292,917	329,167
Equipment replacement	384,000	332,179
Unrestricted	<u>14,138,681</u>	<u>13,155,867</u>
Total net position	<u>\$ 73,469,374</u>	<u>\$ 66,569,635</u>

See notes to the financial statements

Waunakee Utilities

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales	\$ 21,858,272	\$ 21,325,185
Other	<u>212,095</u>	<u>231,095</u>
Total operating revenues	<u>22,070,367</u>	<u>21,556,280</u>
Operating Expenses		
Operation and maintenance	17,053,337	17,139,461
Depreciation	<u>2,351,401</u>	<u>2,164,255</u>
Total operating expenses	<u>19,404,738</u>	<u>19,303,716</u>
Operating Income	<u>2,665,629</u>	<u>2,252,564</u>
Nonoperating Revenues (Expenses)		
Investment income	789,791	714,488
Interest expense	(66,077)	(86,875)
Amortization of loss on advance refunding	(8,886)	(11,832)
Miscellaneous expenses	<u>(3,227)</u>	<u>(3,119)</u>
Total nonoperating expenses	<u>711,601</u>	<u>612,662</u>
Income before contributions and transfers	3,377,230	2,865,226
Capital Contributions	4,330,016	2,470,364
Capital Contributions, Municipal	54,824	221,882
Transfers, Tax Equivalent	<u>(862,331)</u>	<u>(834,497)</u>
Change in net position	6,899,739	4,722,975
Net Position, Beginning	<u>66,569,635</u>	<u>61,846,660</u>
Net Position, Ending	<u>\$ 73,469,374</u>	<u>\$ 66,569,635</u>

See notes to the financial statements

Waunakee Utilities

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 21,912,008	\$ 21,643,351
Received from Municipality for services	101,993	104,389
Paid to suppliers for goods and services	(15,539,347)	(16,285,727)
Paid to employees for operating payroll	<u>(1,439,148)</u>	<u>(1,392,903)</u>
Net cash flows from operating activities	<u>5,035,506</u>	<u>4,069,110</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(862,331)</u>	<u>(834,497)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,463,600)	(2,322,398)
Capital contributions received	816,083	482,735
Debt retired	(875,000)	(865,000)
Interest paid	<u>(71,281)</u>	<u>(91,767)</u>
Net cash flows from capital and related financing activities	<u>(3,593,798)</u>	<u>(2,796,430)</u>
Cash Flows From Investing Activities		
Investments sold (purchased)	177,500	(1,303,973)
Investment income	<u>782,245</u>	<u>646,520</u>
Net cash flows from investing activities	<u>959,745</u>	<u>(657,453)</u>
Net change in cash and cash equivalents	1,539,122	(219,270)
Cash and Cash Equivalents, Beginning	<u>6,539,818</u>	<u>6,759,088</u>
Cash and Cash Equivalents, Ending	<u>\$ 8,078,940</u>	<u>\$ 6,539,818</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 4,029,330</u>	<u>\$ 1,990,399</u>
Municipality financed additions to utility plant	<u>\$ -</u>	<u>\$ 165,138</u>

See notes to the financial statements

Waunakee Utilities

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash Flows From		
Operating Activities		
Operating income	\$ 2,665,629	\$ 2,252,564
Nonoperating revenue (expense)	(3,227)	(3,119)
Noncash items in operating income:		
Depreciation	2,351,401	2,164,255
Depreciation charged to clearing and other utilities	62,400	62,400
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(72,548)	100,768
Other accounts receivable	19,938	10,100
Due from Municipality	(3,016)	(644)
Materials and supplies	(67,653)	(318,344)
Pension related deferrals and assets (liabilities)	(35,810)	123,372
OPEB related deferrals and liabilities	20,115	28,194
Accounts payable	81,915	(369,614)
Due to Municipality	39,779	1,881
Customer deposits	11,886	(2,729)
Accrued and other current liabilities	(22,003)	10,426
Compensated absences	(13,300)	9,600
	<u>\$ 5,035,506</u>	<u>\$ 4,069,110</u>
Net cash flows from operating activities	<u>\$ 5,035,506</u>	<u>\$ 4,069,110</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net		
Position Accounts		
Cash and investments	\$ 14,029,175	\$ 12,677,928
Redemption account	253,355	294,808
Reserve account	959,933	959,933
Depreciation account	50,000	50,000
Replacement account	<u>384,000</u>	<u>332,179</u>
Total cash and investments	15,676,463	14,314,848
Less noncash equivalents	<u>(7,597,523)</u>	<u>(7,775,030)</u>
Cash and cash equivalents	<u>\$ 8,078,940</u>	<u>\$ 6,539,818</u>

See notes to the financial statements

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

The financial statements of Waunakee Utilities (the Utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental 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 Utilities are described below.

Reporting Entity

The Utilities are separate enterprise funds of the Village of Waunakee, Wisconsin (Municipality). The Utilities are managed by the utility commission. The Utilities provide electric, water and sewer and service to properties within the Municipality. The electric utility also provides service to certain customers in the Towns of Westport, Vienna and Springfield, while the water and sewer utilities provide services to a limited number of customers in the Town of Westport.

The electric and water utilities operate under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The sewer utility operates under rules and rates established by the utility commission. Wastewater is treated by the Madison Metropolitan Sewerage District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Utilities are presented as enterprise funds of the Municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Investment of the utilities' funds are restricted by state statutes. Investments are limited to:

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

The Utilities have adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Transactions between the Utilities and other funds of the Municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the Utilities and other funds of the Municipality are reported as due to/from other funds.

The Utilities have the right under Wisconsin statutes to place delinquent electric, water and sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Capital Assets

Capital assets are generally defined by the Utilities as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

Capital assets of the Utilities are recorded at cost or the estimated acquisition value at the time of contribution to the Utilities. Major outlays for Utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Electric Plant:	
Distribution	20-40
General	5-40
Water Plant:	
Source of supply	34
Pumping	23-31
Water treatment	17
Transmission and distribution	20-77
General	4-34
Sewer Plant:	
Collecting system	77
Collecting system pumping	25
Treatment and disposal	18
General	4-40

Pensions

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRIF) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net OPEB Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB; and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRIF and additions to/deductions from LRIF's fiduciary net position have been determined on the same basis as they are reported by LRIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

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

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Vacation and sick leave pay is accrued when earned in the financial statements.

Customer Advances for Construction

The balance represents fees collected for future capital improvements. The fees may be refundable based on rules filed with the PSCW or statutory requirements.

Unearned Revenues

The Water Utility leases space on its towers to various businesses. Lease payments received by the Water Utility in the current year, which relate to subsequent year rents, are reported as unearned revenue in the statements of net position.

Commitment to Community

The Electric Utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance (Commitment to Community) programs. The Utility is acting as an agent administering the program so net collections and expenditures/remittances associated with the program are recorded as a current liability on the statements of net position.

Long-Term Obligations

Long-term debt and other obligations are reported as Utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Leases

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

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Revenues and Expenses

The Utilities 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 the Utility's principal ongoing operations. The principal operating revenues of the Utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utilities does not accrue revenues beyond billing dates.

Current electric rates were approved by the PSCW effective July 1, 2020.

Current water rates were approved by the PSCW effective December 1, 2015.

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

Capital Contributions

Cash and capital assets are contributed to the Utilities from customers, the Municipality or external parties. The value of property contributed to the Utilities are reported as revenue on the statements of revenues, expenses and changes in net position.

Sales Tax

The Utilities collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Utilities' accounting policy is to exclude the tax collected and remitted from revenues and the cost of sales.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Effect of New Accounting Standards on Current Period Financial Statements

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

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

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

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2024	2023	
Petty cash	\$ 193	\$ 195	None
Deposits	8,078,747	6,539,629	Custodial credit
Corporate bonds	2,129,152	1,451,905	Custodial credit, credit, concentration of credit, interest rate
State and municipal bonds	2,294,227	1,715,460	Custodial credit, credit, concentration of credit, interest rate
Agency securities	489,548	1,359,268	Custodial credit, credit, concentration of credit, interest rate
Negotiable certificates of deposit	466,353	839,152	Custodial credit, credit, concentration of credit, interest rate
U.S. Treasury bonds	<u>2,218,243</u>	<u>2,409,245</u>	Custodial credit, interest rate
Total	<u>\$ 15,676,463</u>	<u>\$ 14,314,854</u>	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

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

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

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

<u>Investment Type</u>	<u>December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 2,129,152	\$ -	\$ 2,129,152
State and municipal bonds	-	2,294,227	-	2,294,227
Agency securities	-	489,548	-	489,548
Negotiable certificates of deposit	-	466,353	-	466,353
U.S. treasury bonds	-	2,218,243	-	2,218,243
Total	<u>\$ -</u>	<u>\$ 7,597,523</u>	<u>\$ -</u>	<u>\$ 7,597,523</u>

<u>Investment Type</u>	<u>January 1, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 1,451,905	\$ -	\$ 1,451,905
State and municipal bonds	-	1,715,460	-	1,715,460
Agency securities	-	1,359,268	-	1,359,268
Negotiable certificates of deposit	-	839,152	-	839,152
U.S. treasury bonds	-	2,409,245	-	2,409,245
Total	<u>\$ -</u>	<u>\$ 7,775,030</u>	<u>\$ -</u>	<u>\$ 7,775,030</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Utilities' deposits may not be returned to the Utilities.

As of December 31, 2024 and 2023, all of the Utilities' deposits with financial institutions in excess of the federal and state depository limits were collateralized with an irrevocable letter of credit in the name of the Utilities from a third party bank. As such, the Utilities do not have any deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2024 and 2023, \$7,597,523 and \$7,775,024 of the Utilities' investments were uninsured and uncollateralized.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Credit Risk

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

As of December 31, 2024, the Utilities' investments were rated as follows:

Investment Type	Composite Ratings
Corporate bonds	AA-, AAA
State and municipal bonds	AA-, AAA
Agency securities	AA+
Negotiable certificates of deposit	Not rated

As of December 31, 2023, the Utilities' investments were rated as follows:

Investment Type	Composite Ratings
Corporate bonds	AA-, AAA
State and municipal bonds	AA-, AAA
Agency securities	AA+
Negotiable certificates of deposit	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2024 and 2023, the Utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2024	2023
Federal Home Loan Bank	Agency security	-%	6.21%
Federal Farm Credit Bureau	Agency security	3.28%	11.38%

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Interest Rate Risk

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

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

Investment Type	Fair Value	Maturity (in Months)		
		Less than 12 Months	13 - 60 Months	60+ Months
Corporate bonds	\$ 2,129,152	\$ 1,137,192	\$ 991,960	\$ -
State and municipal bonds	2,294,227	534,993	1,759,234	-
Agency securities	489,548	249,301	240,247	-
Negotiable certificates of deposit	466,353	466,353	-	-
U.S. Treasury Bonds	2,218,243	1,568,833	649,409	-
Total	<u>\$ 7,597,523</u>	<u>\$ 3,956,672</u>	<u>\$ 3,640,850</u>	<u>\$ -</u>

As of December 31, 2023, the Utilities' investments were as follows:

Investment Type	Fair Value	Maturity (in Years)		
		Less than 12 Months	13 - 60 Months	60+ Months
Corporate bonds	\$ 1,451,905	\$ -	\$ 1,451,905	\$ -
State and municipal bonds	1,715,460	756,330	959,130	-
Agency securities	1,359,268	889,849	469,419	-
Negotiable certificates of deposit	839,152	373,505	465,647	-
U.S. Treasury Bonds	2,409,245	1,899,440	509,805	-
Total	<u>\$ 7,775,030</u>	<u>\$ 3,919,124</u>	<u>\$ 3,855,906</u>	<u>\$ -</u>

3. Restricted Assets

Restricted Accounts

Certain proceeds of the Utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- Redemption** - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve** - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation** - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the Utilities have established an account for replacement of certain mechanical equipment.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Restricted Net Position

The following calculation supports the amount of restricted net position:

	<u>2024</u>	<u>2023</u>
Restricted assets:		
Redemption account	\$ 253,355	\$ 294,808
Reserve account	959,933	959,933
Depreciation account	50,000	50,000
Replacement account	<u>384,000</u>	<u>332,179</u>
Total restricted assets	<u>1,647,288</u>	<u>1,636,920</u>
Less restricted assets not funded by revenues:		
Reserve from borrowing	<u>(959,933)</u>	<u>(959,933)</u>
Current Liabilities Payable From Restricted Assets	<u>(10,438)</u>	<u>(15,641)</u>
Total restricted net position as calculated	<u>\$ 676,917</u>	<u>\$ 661,346</u>

The purpose of the restricted net position is as follows:

	<u>2024</u>	<u>2023</u>
Debt service	\$ 292,917	\$ 329,167
Equipment replacement	<u>384,000</u>	<u>332,179</u>
Total restricted net position	<u>\$ 676,917</u>	<u>\$ 661,346</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

4. Changes in Capital Assets

Electric Utility

A summary of changes in electric capital assets for 2024 follows:

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
Capital assets, not being depreciated:				
Land and land rights	\$ 285,993	\$ -	\$ -	\$ 285,993
Capital assets being depreciated:				
Distribution	29,830,806	1,777,430	41,020	31,567,216
General	4,037,966	419,219	192,569	4,264,616
Total capital assets being depreciated	33,868,772	2,196,649	233,589	35,831,832
Total capital assets	34,154,765	2,196,649	233,589	36,117,825
Less accumulated depreciation:				
Distribution	(14,750,850)	(1,074,935)	41,020	(15,784,765)
General	(2,901,558)	(324,665)	192,569	(3,033,654)
Total accumulated depreciation	(17,652,408)	(1,399,600)	233,589	(18,818,419)
Construction in progress	210,682	1,447,217	1,223,287	434,612
Net capital assets	\$ 16,713,039			\$ 17,734,018

A summary of changes in electric capital assets for 2023 follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land and land rights	\$ 285,993	\$ -	\$ -	\$ 285,993
Capital assets being depreciated:				
Distribution	28,334,032	1,580,134	83,360	29,830,806
General	3,960,893	126,038	48,965	4,037,966
Total capital assets being depreciated	32,294,925	1,706,172	132,325	33,868,772
Total capital assets	32,580,918	1,706,172	132,325	34,154,765
Less accumulated depreciation:				
Distribution	(13,818,591)	(1,021,837)	89,578	(14,750,850)
General	(2,773,492)	(177,032)	48,966	(2,901,558)
Total accumulated depreciation	(16,592,083)	(1,198,869)	138,544	(17,652,408)
Construction in progress	430,771	1,264,510	1,484,599	210,682
Net capital assets	\$ 16,419,606			\$ 16,713,039

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Water Utility

A summary of changes in water capital assets for 2024 follows:

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
Capital assets, not being depreciated:				
Land and land rights	\$ 171,691	\$ -	\$ -	\$ 171,691
Capital assets being depreciated:				
Source of supply	530,092	-	-	530,092
Pumping	2,546,713	54,451	11,362	2,589,802
Water treatment	72,936	-	-	72,936
Transmission and distribution	28,493,259	2,794,766	25,673	31,262,352
General	1,927,738	14,095	-	1,941,833
Total capital assets being depreciated	33,570,738	2,863,312	37,035	36,397,015
Total capital assets	33,742,429	2,863,312	37,035	36,568,706
Less accumulated depreciation:				
Source of supply	(343,165)	(15,373)	-	(358,538)
Pumping	(1,751,560)	(66,034)	11,362	(1,806,232)
Water treatment	(72,715)	(221)	-	(72,936)
Transmission and distribution	(7,028,308)	(532,278)	25,673	(7,534,913)
General	(1,181,371)	(80,368)	-	(1,261,739)
Total accumulated depreciation	(10,377,119)	(694,274)	37,035	(11,034,358)
Construction in progress	27,286	661,490	517,200	171,576
Net capital assets	\$ 23,392,596			\$ 25,705,924

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

A summary of changes in water capital assets for 2023 follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land and land rights	\$ 171,691	\$ -	\$ -	\$ 171,691
Capital assets being depreciated:				
Source of supply	530,092	-	-	530,092
Pumping	2,526,236	22,477	2,000	2,546,713
Water treatment	72,936	-	-	72,936
Transmission and distribution	26,792,772	1,719,047	18,560	28,493,259
General	1,861,312	97,179	30,753	1,927,738
Total capital assets being depreciated	31,783,348	1,838,703	51,313	33,570,738
Total capital assets	31,955,039	1,838,703	51,313	33,742,429
Less accumulated depreciation:				
Source of supply	(327,792)	(15,373)	-	(343,165)
Pumping	(1,666,712)	(86,848)	2,000	(1,751,560)
Water treatment	(68,339)	(4,376)	-	(72,715)
Transmission and distribution	(6,551,886)	(494,982)	18,560	(7,028,308)
General	(1,089,487)	(122,637)	30,753	(1,181,371)
Total accumulated depreciation	(9,704,216)	(724,216)	51,313	(10,377,119)
Construction in progress	5,519	397,799	376,032	27,286
Net capital assets	\$ 22,256,342			\$ 23,392,596

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Sewer Utility

A summary of changes in sewer capital assets for 2024 follows:

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 74,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,585</u>
Capital assets being depreciated:				
Collecting system	16,201,873	2,057,894	54,598	18,205,169
Collecting system pumping	877,743	5,625	1,500	881,868
Treatment and disposal	730,480	19,566	553	749,493
General	<u>1,432,153</u>	<u>17,599</u>	<u>-</u>	<u>1,449,752</u>
Total capital assets being depreciated	<u>19,242,249</u>	<u>2,100,684</u>	<u>56,651</u>	<u>21,286,282</u>
Total capital assets	<u>19,316,834</u>	<u>2,100,684</u>	<u>56,651</u>	<u>21,360,867</u>
Less accumulated depreciation:				
Collecting system	(4,259,739)	(328,525)	54,598	(4,533,666)
Collecting system pumping	(494,985)	(30,527)	1,500	(524,012)
Treatment and disposal	<u>(131,510)</u>	<u>(40,699)</u>	<u>553</u>	<u>(171,656)</u>
Total accumulated depreciation	<u>(4,886,234)</u>	<u>(399,751)</u>	<u>56,651</u>	<u>(5,229,334)</u>
Net capital assets	<u>\$ 14,430,600</u>			<u>\$ 16,131,533</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

A summary of changes in sewer capital assets for 2023 follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land and land rights	\$ 74,585	\$ -	\$ -	\$ 74,585
Capital assets being depreciated:				
Collecting system	15,120,157	1,098,824	17,108	16,201,873
Collecting system pumping	865,953	11,790	-	877,743
Treatment and disposal	705,928	24,552	-	730,480
General	1,420,930	11,223	-	1,432,153
Total capital assets being depreciated	18,112,968	1,146,389	17,108	19,242,249
Total capital assets	18,187,553	1,146,389	17,108	19,316,834
Less accumulated depreciation:				
Collecting system	(3,971,795)	(305,052)	17,108	(4,259,739)
Collecting system pumping	(464,428)	(30,557)	-	(494,985)
Treatment and disposal	(92,009)	(39,501)	-	(131,510)
Total accumulated depreciation	(4,528,232)	(375,110)	17,108	(4,886,234)
Construction in progress	-	246,238	246,238	-
Net capital assets	\$ 13,659,321			\$ 14,430,600

5. Lease Disclosures

Lessor - Lease Receivables

Water Utility					
Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/24	Receivable Balance 12/31/23
Cellular antennae space	05/18/2004 - 03/26/2022	05/18/2023- 03/26/2047	2.00%	\$ 3,227,907	\$ 3,327,571
Total water utility activities				\$ 3,227,907	\$ 3,327,571

The Utilities recognized \$99,664 and \$136,466 of lease revenue during 2024 and 2023, respectively.

The Utilities recognized \$66,551 and \$69,281 of interest revenue during 2024 and 2023, respectively.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

6. Long-Term Obligations

Revenue Debt - Water and Electric

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/24</u>
2011 Water and Light	System improvements and extensions	10/01/2026	2.40-3.20%	\$ 3,845,000	\$ 500,000
2013 Water and Light	System improvements and extensions and refunding	10/01/2025	2.00-2.35	3,385,000	215,000
2016 Water and Light	Refunding	10/01/2026	1.50-2.00	1,000,000	220,000

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 570,000	\$ 24,411	\$ 594,411
2026	365,000	9,955	374,955
Total	<u>\$ 935,000</u>	<u>\$ 34,366</u>	<u>\$ 969,366</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2024 and 2023 were \$757,474 and \$770,086, respectively. Total customer net revenues as defined for the same periods were \$4,214,782 and \$4,219,386. Annual principal and interest payments are expected to require 11% of net revenues on average.

Revenue Debt - Sewer

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/24</u>
2013 Sewer Bonds	System improvements and extensions and refunding	05/01/2030	2.00-2.85%	\$ 2,325,000	\$ 955,000

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Revenue Debt - Sewer

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Principal	Interest	Total
2025	\$ 160,000	\$ 24,008	\$ 184,008
2026	150,000	19,943	169,943
2027	155,000	15,937	170,937
2028	160,000	11,604	171,604
2029	160,000	7,124	167,124
2030	170,000	2,422	172,422
Total	<u>\$ 955,000</u>	<u>\$ 81,038</u>	<u>\$ 1,036,038</u>

All utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2024 and 2023 were \$188,807 and \$186,145, respectively. Total customer net revenues as defined for the same periods were \$1,592,039 and \$911,961. Annual principal and interest payments are expected to require 11% of net revenues on average.

Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2024 is as follows:

	1/1/24 Balance	Additions	Reductions	12/31/24 Balance	Due Within One Year
Revenue bonds	\$ 2,765,000	\$ -	\$ 875,000	\$ 1,890,000	\$ 730,000
Compensated absences	411,223	-	15,923	395,300	38,900
Other liabilities	53,137	-	6,843	46,294	-
Total	<u>\$ 3,229,360</u>	<u>\$ -</u>	<u>\$ 897,766</u>	<u>\$ 2,331,594</u>	<u>\$ 768,900</u>

Long-term obligation activity for the year ended December 31, 2023 is as follows:

	1/1/23 Balance	Additions	Reductions	12/31/23 Balance	Due Within One Year
Revenue bonds	\$ 3,630,000	\$ -	\$ 865,000	\$ 2,765,000	\$ 875,000
Compensated absences	392,234	18,989	-	411,223	41,523
Other liabilities	21,235	31,902	-	53,137	-
Total	<u>\$ 4,043,469</u>	<u>\$ 50,891</u>	<u>\$ 865,000</u>	<u>\$ 3,229,360</u>	<u>\$ 916,523</u>

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

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

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Debt Coverage - Water and Electric

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.30 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met 2023 and 2022 as follows:

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 17,366,308	\$ 17,803,499
Investment income	557,166	563,551
Less operation and maintenance expenses	<u>(13,708,692)</u>	<u>(14,177,664)</u>
Net defined earnings	<u>\$ 4,214,782</u>	<u>\$ 4,189,386</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 594,411	\$ 756,694
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum required earnings	<u>\$ 772,734</u>	<u>\$ 983,702</u>
Actual debt coverage	<u>7.09</u>	<u>5.54</u>

Debt Coverage - Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met 2023 and 2022 as follows:

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 4,704,059	\$ 3,752,781
Investment income	232,625	150,937
Less operation and maintenance expenses	<u>(3,344,645)</u>	<u>(2,991,757)</u>
Net defined earnings	<u>\$ 1,592,039</u>	<u>\$ 911,961</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 184,008	\$ 188,806
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum required earnings	<u>\$ 230,010</u>	<u>\$ 236,008</u>
Actual debt coverage	<u>8.65</u>	<u>4.83</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Number of Customers and Billed Volumes - Electric

The Utility has the following number of customers and billed volumes for 2024 and 2023:

	Customers		Sales (000 kWh)	
	2024	2023	2024	2023
Residential	6,677	6,497	57,071	55,463
General	773	767	16,253	15,642
Small power	62	66	17,980	17,988
Large power	18	18	20,935	25,888
Industrial	4	4	23,980	17,755
Street and highway lighting	12	12	374	401
Total	<u>7,546</u>	<u>7,364</u>	<u>136,593</u>	<u>133,137</u>

Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2024 and 2023:

	Customers		Sales (000 gals)	
	2024	2023	2024	2023
Residential	5,088	4,964	268,825	298,014
Multifamily residential	73	67	36,176	34,934
Commercial	276	276	40,830	37,898
Industrial	17	17	167,560	150,980
Public authority	31	34	9,388	11,305
Interdepartmental	2	2	687	1,038
Total	<u>5,487</u>	<u>5,360</u>	<u>523,466</u>	<u>534,169</u>

Number of Customers and Billed Volumes - Sewer

The Utility has the following number of customers and billed volumes for 2024 and 2023:

	Customers		Sales (000 gals)	
	2024	2023	2024	2023
Residential	5,064	4,940	244,163	238,435
Commercial	315	313	58,099	55,910
Industrial	15	15	147,376	131,847
Public authority	22	25	6,230	6,691
Wholesale	2	2	239	570
Total	<u>5,418</u>	<u>5,295</u>	<u>456,107</u>	<u>433,453</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

7. Net Position

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the subtotal:

	<u>2024</u>	<u>2023</u>
Plant in service	\$ 94,047,398	\$ 87,214,028
Accumulated depreciation	(35,082,111)	(32,915,761)
Construction work in progress	<u>606,188</u>	<u>237,968</u>
Subtotal	<u>59,571,475</u>	<u>54,536,235</u>
Less capital related debt:		
Current portion of capital related long-term debt	730,000	875,000
Long-term portion of capital related long-term debt	1,160,000	1,890,000
Unamortized loss on advance refunding	<u>(12,368)</u>	<u>(21,254)</u>
Subtotal	<u>1,877,632</u>	<u>2,743,746</u>
Add unspent debt proceeds:		
Reserve from borrowing	<u>959,933</u>	<u>959,933</u>
	<u>\$ 58,653,776</u>	<u>\$ 52,752,422</u>

8. Employees Retirement System

General Information About the Pension Plan

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

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

Vested participants may retire at age 55 (50 for protective occupation employees) 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.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and Executives and Elected Officials. Starting 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 WRS recognized \$116,928 and \$106,843 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2024 and December 31, 2023 are:

	<u>2024</u>		<u>2023</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.80 %	6.80 %	6.50 %	6.50 %
Protective with Social Security	6.80	13.20	6.50	12.00
Protective without Social Security	6.80	18.10	6.50	16.40

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

At December 31, 2024, the Utilities reported a liability (asset) of \$125,734 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Utilities' proportion was .00845667%, which was a decrease of .00024530% from its proportion measured as of December 31, 2022.

At December 31, 2023, the Utilities reported a liability (asset) of \$461,004 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Utilities' proportion was .00874426%, which was a decrease of .00004229% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2024 and 2023, the Utilities recognized pension expense (revenue) of \$81,118 and \$230,215, respectively.

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

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 506,959	\$ 671,470
Changes in assumption	54,803	-
Net differences between project and actual earnings on pension plan	438,164	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,487	974
Employer contributions subsequent to the measurement date	<u>130,489</u>	<u>-</u>
Total	<u>\$ 1,132,902</u>	<u>\$ 672,444</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

At December 31, 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 734,237	\$ 964,623
Changes in assumption	90,652	-
Net differences between project and actual earnings on pension plan	783,140	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,144	1,560
Employer contributions subsequent to the measurement date	<u>116,928</u>	<u>-</u>
Total	<u>\$ 1,726,101</u>	<u>\$ 966,183</u>

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:

2025	\$ 67,704
2026	70,803
2027	275,569
2028	(84,107)
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 329,969</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Actuarial Assumptions

The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Actuarial Valuation Date:	December 31, 2022	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2023	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	6.8%
Discount Rate:	6.8%	6.8%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement Adjustments: *	1.7%	1.7%

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

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

Waunakee Utilities

Notes to Financial Statements
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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 as of December 31, 2024 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2023			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	40 %	7.3 %	4.5 %
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund ³	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.

Waunakee Utilities

Notes to Financial Statements
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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	48 %	7.6 %	5.0 %
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2024 and December 31, 2023. As of December 31, 2023, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 3.77%. As of December 31, 2022, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.05%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023 and 2022, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

The following presents the Utilities' proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the 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 or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Utilities' proportionate share of the net position liability (asset)	\$ 1,215,282	\$ 125,734	\$ (636,668)

The sensitivity analysis as of December 31, 2023 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Utilities' proportionate share of the net position liability (asset)	\$ 1,530,059	\$ 461,004	\$ (274,413)

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://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

9. Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

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

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

Benefits Provided

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

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

Contribution rates for the plan year reported as of December 31, 2024 and 2023 are:

Coverage Type	Employer 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 plan year are as listed below:

Life Insurance Member Contribution Rates* For the Plan Year		
Attained Age	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 70 receive a waiver-of-premium benefit.

The LRLIF recognized \$1,053 and \$1,158 in contributions from the employer during the current and prior reporting periods, respectively.

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

At December 31, 2024, the Utilities reported a liability of \$237,863 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net OPEB liability was based on the Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the Utilities' proportion was 0.05170200%, which was an decrease of 0.00604700% from its proportion measured as of December 31, 2022.

At December 31, 2023, the Utilities reported a liability of \$220,014 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net OPEB liability was based on the Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Utilities' proportion was 0.05774900%, which was an increase of 0.00029400% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2024 and 2023, the Utilities recognized OPEB expense (revenue) of \$20,115 and \$28,194, respectively.

At December 31, 2024 and 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,050	\$ -	\$ 21,533
Net differences between projected and actual investment earnings on plan investments	3,213	-	4,128	-
Changes in actuarial assumptions	74,406	93,665	79,047	129,869
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,421	27,645	36,656	3,483
Total	<u>\$ 105,040</u>	<u>\$ 142,360</u>	<u>\$ 119,831</u>	<u>\$ 154,885</u>

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2025	\$ 241
2026	4,054
2027	(5,402)
2028	(16,346)
2029	(18,824)
Thereafter	(1,043)

Actuarial Assumptions

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

	2024	2023
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield *	3.26%	3.72%
Long-Term Expected Rate of Return	4.25%	4.25%
Discount Rate:	3.32%	3.76%
Salary Increases:		
Wage Inflation	3.00%	3.00%
Seniority/Merit	0.10%-5.6%	0.10%-5.6%
Mortality	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO 20-Bond Municipal index.

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

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Long-Term Expected Return on Plan Assets

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

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2023

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60	2.52
Inflation			2.30
Long-Term Expected Rate of Return			4.25

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

Waunakee Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Single Discount Rate

A single discount rate was used to measure the total OPEB liability (3.32% for 2024 and 3.76% for 2023). The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive 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 Utilities' Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Utilities' proportionate share of the net OPEB liability (asset) calculated using the discount rate, as well as what 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 or 1-percentage-point higher than the current discount rate:

As of December 31, 2024:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
The Utilities' proportionate share of the net OPEB liability (asset)	\$ 319,602	\$ 237,863	\$ 175,470

As of December 31, 2023:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (2.76%)	1% Increase to Discount Rate (4.76%)
The Utilities' proportionate share of the net OPEB liability (asset)	\$ 299,965	\$ 220,014	\$ 158,740

At December 31, 2024, the Utilities reported a payable to the OPEB plan of \$0, which represents contractually required contributions outstanding as of the end of the year.

10. Commitments and Contingencies

Long-Term Contracts - WPPI Energy

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$237 million as of December 31, 2024.

Claims and Judgments

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

11. Risk Management

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

12. Subsequent Events

The Utilities evaluated subsequent events through April 4, 2025, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Waunakee Utilities

Schedule of Proportionate Share of the Net Pension Asset (Liability)
 Wisconsin Retirement System
 Year Ended December 31, 2024
 (Unaudited)

WRS Fiscal Year End Date	Utilities' Proportion of the Net Pension Liability (Asset)	Utilities' Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.00793881%	\$ (194,998)	\$ 1,108,688	17.59%	102.74%
12/31/15	0.00815094%	132,451	1,217,988	10.87%	98.20%
12/31/16	0.00840833%	69,306	1,263,677	5.48%	99.12%
12/31/17	0.00876072%	(260,116)	1,330,336	20.65%	102.93%
12/31/18	0.00870228%	309,599	1,293,695	23.93%	96.45%
12/31/19	0.00867463%	(279,709)	1,385,960	20.18%	102.96%
12/31/20	0.00870620%	(543,540)	1,505,794	36.10%	105.26%
12/31/21	0.00874426%	(704,803)	1,476,596	47.73%	106.02%
12/31/22	0.00870197%	461,004	1,650,425	27.77%	95.72%
12/31/23	0.00845667%	125,734	1,612,278	7.80%	98.85%

Schedule of Employer Contributions
 Wisconsin Retirement System
 Year Ended December 31, 2024

Utilities' Fiscal Year End Date	Utilities' Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 82,823	\$ 82,823	\$ -	\$ 1,217,988	6.80%
12/31/16	83,402	83,402	-	1,263,677	6.60%
12/31/17	90,463	90,463	-	1,330,336	6.80%
12/31/18	92,028	92,028	-	1,293,695	7.11%
12/31/19	90,781	90,781	-	1,385,960	6.55%
12/31/20	101,641	101,641	-	1,505,794	6.75%
12/31/21	99,699	99,699	-	1,476,596	6.75%
12/31/22	106,843	106,843	-	1,650,425	6.47%
12/31/23	116,928	116,928	-	1,612,278	7.25%
12/31/24	130,489	130,489	-	1,781,334	7.33%

See notes to required supplementary information

Waunakee Utilities

Schedule of Employer's Proportionate Share of the Net OPEB Liability (Asset)

Local Retiree Life Insurance Fund

Year Ended December 31, 2024

(Unaudited)

ETF Fiscal Year Ending	Utilities' Proportion of the Net OPEB Liability (Asset)	Utilities' Proportionate Share of the Net OPEB Liability (Asset)	Utility Covered Payroll	Utilities' Proportionate Share of the Net OPEB Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.04699600 %	\$ 141,390	\$ 1,330,336	10.63%	44.81%
12/31/18	0.04274200 %	110,289	1,293,696	8.53%	48.69%
12/31/19	0.04323200 %	184,089	1,385,961	13.28%	37.58%
12/31/20	0.05126000 %	281,967	1,388,000	20.31%	37.58%
12/31/21	0.05745500 %	339,580	1,454,000	23.35%	29.57%
12/31/22	0.05774900 %	220,014	1,436,000	15.32%	38.81%
12/31/23	0.05170200 %	237,863	1,476,596	16.11%	33.90%

Schedule of Employer Contributions

Local Retiree Life Insurance Fund

Year Ended December 31, 2024

Utilities' Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 826	\$ 826	\$ -	\$ 1,293,696	0.06%
12/31/19	831	831	-	1,385,961	0.06%
12/31/20	1,050	1,050	-	1,388,000	0.08%
12/31/21	1,033	1,033	-	1,454,000	0.07%
12/31/22	1,175	1,175	-	1,436,000	0.08%
12/31/23	1,158	1,158	-	1,476,596	0.08%
12/31/24	1,053	1,053	-	1,781,334	0.06%

See notes to required supplementary information

Waunakee Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2024

Wisconsin Retirement System

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

Changes of assumptions.

	2015 - 2018	2019 - 2021	2022 - 2024
Long-term expected rate of return	7.2%	7.0%	6.8%
Discount rate	7.2%	7.0%	6.8%
Salary increases			
Inflation	3.2%	3.0%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Postretirement adjustments	2.10%	1.90%	1.70%

Local Retiree Life Insurance Fund (LRLIF)

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

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

	2017	2018 - 2020	2021 - 2024
Long-term expected rate of return	5.0%	4.3%	4.3%
Price inflation	2.7%	2.5%	2.4%
Salary inflation	3.2%	3.0%	3.0%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table

SUPPLEMENTARY INFORMATION

ELECTRIC UTILITY

Waunakee Utilities

Electric Utility Schedules of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 6,893,042	\$ 6,747,358
Interest receivable	25,732	15,564
Restricted assets:		
Redemption account	56,757	69,901
Customer accounts receivable	1,224,451	1,212,211
Other accounts receivable	173,447	126,286
Due from Municipality	3,615	1,127
Materials and supplies	<u>1,101,722</u>	<u>1,042,116</u>
Total current assets	<u>9,478,766</u>	<u>9,214,563</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	306,658	293,191
Depreciation account	31,030	29,668
Capital assets:		
Plant in service	36,117,825	34,154,765
Accumulated depreciation	(18,818,419)	(17,652,408)
Construction work in progress	<u>434,612</u>	<u>210,682</u>
Total noncurrent assets	<u>18,071,706</u>	<u>17,035,898</u>
Total assets	<u>27,550,472</u>	<u>26,250,461</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	2,134	4,582
Deferred outflows related to pension	759,120	1,119,666
Deferred outflows related to OPEB	<u>67,224</u>	<u>76,690</u>
Total deferred outflows of resources	<u>828,478</u>	<u>1,200,938</u>

Waunakee Utilities

Electric Utility Schedules of Net Position
December 31, 2024 and 2023

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 893,752	\$ 911,846
Due to Municipality	115,266	75,487
Customer deposits	25,318	15,398
Accrued wages and other liabilities	80,299	61,740
Customer Advances	450,606	-
Commitment to Community	46,985	54,304
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	218,000	264,000
Accrued interest	2,201	3,841
Total current liabilities	<u>1,832,427</u>	<u>1,386,616</u>
Noncurrent Liabilities		
Revenue bonds	130,000	348,000
Compensated absences	228,100	236,600
Net other postemployment benefits	152,228	140,805
Other liabilities	46,294	53,137
Net pension liability	76,698	299,653
Total noncurrent liabilities	<u>633,320</u>	<u>1,078,195</u>
Total liabilities	<u>2,465,747</u>	<u>2,464,811</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	448,179	627,359
Deferred inflows related to OPEB	91,108	99,124
Total deferred inflows of resources	<u>539,287</u>	<u>726,483</u>
Net Position		
Net investment in capital assets	17,694,810	16,398,802
Restricted for:		
Debt service	85,586	95,728
Unrestricted	<u>7,593,520</u>	<u>7,765,575</u>
Total net position	<u>\$ 25,373,916</u>	<u>\$ 24,260,105</u>

Waunakee Utilities

Electric Utility Schedules of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of electricity	\$ 14,679,059	\$ 15,093,362
Other	<u>48,073</u>	<u>42,963</u>
Total operating revenues	<u>14,727,132</u>	<u>15,136,325</u>
Operating Expenses		
Operation and maintenance	12,609,596	13,069,605
Depreciation	<u>1,257,476</u>	<u>1,088,268</u>
Total operating expenses	<u>13,867,072</u>	<u>14,157,873</u>
Operating Income	<u>860,060</u>	<u>978,452</u>
Nonoperating Revenues (Expenses)		
Investment income	342,168	369,786
Interest expense	(14,501)	(20,600)
Amortization of loss on advance refunding	(2,448)	(3,348)
Miscellaneous expenses	<u>(3,227)</u>	<u>(3,119)</u>
Total nonoperating expenses	<u>321,992</u>	<u>342,719</u>
Income before contributions and transfers	1,182,052	1,321,171
Capital Contributions	300,689	479,965
Capital Contributions, Municipal	54,824	56,744
Transfers, Tax Equivalent	<u>(423,754)</u>	<u>(410,868)</u>
Change in net position	1,113,811	1,447,012
Net Position, Beginning	<u>24,260,105</u>	<u>22,813,093</u>
Net Position, Ending	<u>\$ 25,373,916</u>	<u>\$ 24,260,105</u>

Waunakee Utilities

Electric Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 14,603,963	\$ 15,170,632
Received from Municipality for services	101,993	104,389
Paid to suppliers for goods and services	(11,811,277)	(12,521,848)
Paid to employees for operating payroll	<u>(784,048)</u>	<u>(770,644)</u>
Net cash flows from operating activities	<u>2,110,631</u>	<u>1,982,529</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(423,754)</u>	<u>(410,868)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,355,450)	(1,500,192)
Capital contributions received	764,083	335,735
Debt retired	(264,000)	(262,000)
Interest paid	<u>(16,141)</u>	<u>(22,167)</u>
Net cash flows from capital and related financing activities	<u>(1,871,508)</u>	<u>(1,448,624)</u>
Cash Flows From Investing Activities		
Investments sold (purchased)	108,080	(687,217)
Investment income	<u>332,000</u>	<u>368,704</u>
Net cash flows from investing activities	<u>440,080</u>	<u>(318,513)</u>
Net change in cash and cash equivalents	255,449	(195,476)
Cash and Cash Equivalents, Beginning	<u>2,405,906</u>	<u>2,601,382</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,661,355</u></u>	<u><u>\$ 2,405,906</u></u>

Waunakee Utilities

Electric Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash Flows From		
Operating Activities		
Operating income	\$ 860,060	\$ 978,452
Nonoperating revenue (expense)	(3,227)	(3,119)
Noncash items in operating income:		
Depreciation	1,257,476	1,088,268
Depreciation charged to clearing and other utilities	62,400	62,400
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(12,240)	57,858
Other accounts receivable	(5,125)	13,583
Due from Municipality	(2,488)	(1,127)
Materials and supplies	(59,606)	(318,629)
Pension related deferrals and assets (liabilities)	(41,589)	80,242
OPEB related deferrals and liabilities	12,873	18,044
Accounts payable	(10,342)	(1,094)
Due to Municipality	39,779	1,881
Customer deposits	9,920	(2,766)
Accrued and other current liabilities	11,240	2,436
Compensated absences	(8,500)	6,100
	<u>\$ 2,110,631</u>	<u>\$ 1,982,529</u>
Net cash flows from operating activities	<u>\$ 2,110,631</u>	<u>\$ 1,982,529</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net		
Position Accounts		
Cash and investments	\$ 6,893,042	\$ 6,747,358
Redemption account	56,757	69,901
Reserve account	306,658	293,191
Depreciation account	<u>31,030</u>	<u>29,668</u>
Total cash and investments	7,287,487	7,140,118
Less noncash equivalents	<u>(4,626,132)</u>	<u>(4,734,212)</u>
Cash and cash equivalents	<u>\$ 2,661,355</u>	<u>\$ 2,405,906</u>

Waunakee Utilities

Electric Utility Plant

Year Ended December 31, 2024

	Balance 1/2/24	Additions	Retirements	Balance 12/31/24
Distribution				
Land and land rights	\$ 103,505	\$ -	\$ -	\$ 103,505
Structures and improvements	21,368	-	-	21,368
Station equipment	4,871,421	-	-	4,871,421
Poles, towers and fixtures	513,326	-	-	513,326
Overhead conductors and devices	1,004,303	-	-	1,004,303
Underground conduit	2,560,720	337,206	500	2,897,426
Underground conductors and devices	8,923,564	679,434	9,936	9,593,062
Line transformers	3,970,996	257,294	22,658	4,205,632
Services	3,201,950	252,833	-	3,454,783
Meters	1,336,795	140,773	1,426	1,476,142
Street lighting and signal systems	<u>3,426,362</u>	<u>109,891</u>	<u>6,500</u>	<u>3,529,753</u>
Total distribution	<u>29,934,310</u>	<u>1,777,431</u>	<u>41,020</u>	<u>31,670,721</u>
General				
Land and land rights	182,488	-	-	182,488
Structures and improvements	2,331,211	-	-	2,331,211
Office furniture and equipment	44,719	-	-	44,719
Computer equipment	271,510	26,542	-	298,052
Transportation equipment	933,808	392,677	192,568	1,133,917
Stores equipment	47,041	-	-	47,041
Tools, shop and garage equipment	140,363	-	-	140,363
Laboratory equipment	67,217	-	-	67,217
Power-operated equipment	170,536	-	-	170,536
Communication equipment	20,053	-	-	20,053
Miscellaneous equipment	<u>11,507</u>	<u>-</u>	<u>-</u>	<u>11,507</u>
Total general	<u>4,220,453</u>	<u>419,219</u>	<u>192,568</u>	<u>4,447,104</u>
Total electric utility plant	<u>\$34,154,763</u>	<u>\$ 2,196,650</u>	<u>\$ 233,588</u>	<u>\$36,117,825</u>

Waunakee Utilities

Electric Debt Repayment Schedule
December 31, 2024

Year	2011 Mortgage Revenue Bonds			2013 Mortgage Revenue Bonds			2016 Mortgage Revenue Bonds			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2025	3.10 %	\$ 80,000	\$ 5,042	2.35 %	\$ 92,000	\$ 2,162	1.60 %	\$ 46,000	\$ 1,599	\$ 218,000	\$ 8,803	\$ 226,803
2026	3.20	80,000	2,561		-	-	1.70	50,000	860	130,000	3,421	133,421
Total		\$ 160,000	\$ 7,603		\$ 92,000	\$ 2,162		\$ 96,000	\$ 2,459	\$ 348,000	\$ 12,224	\$ 360,224

Waunakee Utilities

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 6,314,616	\$ 6,400,302
Rural	363,526	367,980
General service	1,866,774	1,877,928
Small power	1,835,709	1,936,564
Large commercial and industrial	2,038,604	2,705,624
Industrial	2,019,078	1,552,788
Public street and highway lighting	101,993	104,389
Interdepartmental	<u>138,759</u>	<u>147,787</u>
Total sales of electricity	<u>14,679,059</u>	<u>15,093,362</u>
Other operating revenues:		
Forfeited discounts	11,705	11,755
Rent from electric property	25,851	22,806
Other	<u>10,517</u>	<u>8,402</u>
Total operating revenues	<u>14,727,132</u>	<u>15,136,325</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	<u>10,981,817</u>	<u>11,430,885</u>
Distribution:		
Operation supervision and engineering	111,211	100,307
Customer installations	72,401	44,552
Maintenance:		
Station equipment	63,573	44,111
Overhead lines	30,169	26,214
Underground lines	251,383	244,426
Line transformers	4,225	6,765
Street lighting and signal system	26,167	36,450
Meters	21,470	22,835
Miscellaneous	<u>160,038</u>	<u>140,066</u>
Total distribution	<u>740,637</u>	<u>665,726</u>
Customer accounts:		
Meter reading	918	958
Uncollectible accounts	(18)	770
Accounting and collecting labor	76,919	70,333
Energy efficiency	<u>-</u>	<u>479</u>
Total customer accounts	<u>77,819</u>	<u>72,540</u>
Sales:		
Miscellaneous	<u>1,503</u>	<u>(1,580)</u>

Waunakee Utilities

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Administrative and general:		
Salaries	\$ 97,024	\$ 100,856
Office supplies	92,244	77,545
Outside services employed	11,521	11,887
Property insurance	31,503	20,902
Injuries and damages	5,684	7,152
Employee pensions and benefits	410,095	504,520
Regulatory commission	346	4,170
Miscellaneous	15,602	22,449
Maintenance	<u>43,862</u>	<u>53,085</u>
Total administrative and general	<u>707,881</u>	<u>802,566</u>
Taxes	<u>99,939</u>	<u>99,468</u>
Total operation and maintenance	12,609,596	13,069,605
Depreciation	<u>1,257,476</u>	<u>1,088,268</u>
Total operating expenses	<u>13,867,072</u>	<u>14,157,873</u>
Operating income	<u>\$ 860,060</u>	<u>\$ 978,452</u>

Waunakee Utilities

Electric Utility Rate of Return - Regulatory Basis
Years Ended December 31, 2024 and 2023

	Electric	
	2024	2023
Utility Financed Plant in Service		
Beginning of year	\$ 27,830,551	\$ 26,677,190
End of year	<u>29,512,930</u>	<u>27,830,551</u>
Average	<u>28,671,741</u>	<u>27,253,871</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(14,614,241)	(13,730,399)
End of year	<u>(15,563,992)</u>	<u>(14,614,241)</u>
Average	<u>(15,089,117)</u>	<u>(14,172,320)</u>
Materials and Supplies		
Beginning of year	1,042,116	723,488
End of year	<u>1,101,722</u>	<u>1,042,116</u>
Average	<u>1,071,919</u>	<u>882,802</u>
Regulatory Liability		
Beginning of year	-	(29,741)
End of year	<u>-</u>	<u>-</u>
Average	<u>-</u>	<u>(14,871)</u>
Average net rate base	<u>\$ 14,654,543</u>	<u>\$ 13,949,482</u>
Operating income, regulatory basis	<u>\$ 610,706</u>	<u>\$ 872,806</u>
Rate of return (percent)	<u>4.17 %</u>	<u>6.26 %</u>
Authorized rate of return (percent)	<u>4.90 %</u>	<u>4.90 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

WATER UTILITY

Waunakee Utilities

Water Utility Schedules of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,169,568	\$ 2,101,670
Interest receivable	6,762	4,090
Restricted assets:		
Redemption account	91,571	119,336
Customer accounts receivable	218,041	212,990
Other accounts receivable	10,650	35,713
Due from Municipality	327	-
Materials and supplies	62,467	54,420
Current portion of lease receivable	<u>107,842</u>	<u>99,664</u>
Total current assets	<u>2,667,228</u>	<u>2,627,883</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	479,470	492,937
Depreciation account	18,970	20,332
Replacement account	192,000	166,089
Other assets:		
Lease receivable	3,120,065	3,227,907
Preliminary survey and investigation	33,125	-
Capital assets:		
Plant in service	36,568,706	33,742,429
Accumulated depreciation	(11,034,358)	(10,377,119)
Construction work in progress	<u>171,576</u>	<u>27,286</u>
Total noncurrent assets	<u>29,549,554</u>	<u>27,299,861</u>
Total assets	<u>32,216,782</u>	<u>29,927,744</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	3,924	8,316
Deferred outflows related to pension	273,513	433,679
Deferred outflows related to OPEB	<u>26,213</u>	<u>29,904</u>
Total deferred outflows of resources	<u>303,650</u>	<u>471,899</u>

Waunakee Utilities

Water Utility Schedules of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 33,050	\$ 39,495
Customer deposits	37,520	35,554
Accrued liabilities	192,000	166,000
Unearned revenue	93,465	125,763
Accrued and other current liabilities	9,725	10,381
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	352,000	450,000
Accrued interest	<u>3,903</u>	<u>6,834</u>
Total current liabilities	<u>721,663</u>	<u>834,027</u>
Noncurrent Liabilities		
Revenue bonds	235,000	587,000
Compensated absences	89,100	92,400
Net other postemployment benefits	59,363	54,908
Net pension liability	<u>33,948</u>	<u>115,252</u>
Total noncurrent liabilities	<u>417,411</u>	<u>849,560</u>
Total liabilities	<u>1,139,074</u>	<u>1,683,587</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	162,289	241,601
Deferred inflows related to OPEB	35,528	38,654
Deferred inflows related to leases	<u>3,227,907</u>	<u>3,327,571</u>
Total deferred inflows of resources	<u>3,425,724</u>	<u>3,607,826</u>
Net Position		
Net investment in capital assets	25,602,318	22,856,849
Restricted for:		
Debt service	106,638	132,834
Equipment replacement	192,000	166,089
Unrestricted	<u>2,054,678</u>	<u>1,952,458</u>
Total net position	<u>\$ 27,955,634</u>	<u>\$ 25,108,230</u>

Waunakee Utilities

Water Utility Schedules of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of water	\$ 2,482,694	\$ 2,486,408
Other	<u>156,482</u>	<u>180,766</u>
Total operating revenues	<u>2,639,176</u>	<u>2,667,174</u>
Operating Expenses		
Operation and maintenance	1,099,096	1,078,059
Depreciation	<u>694,174</u>	<u>700,877</u>
Total operating expenses	<u>1,793,270</u>	<u>1,778,936</u>
Operating Income	<u>845,906</u>	<u>888,238</u>
Nonoperating Revenues (Expenses)		
Investment income	214,998	193,765
Interest expense	(24,402)	(35,674)
Amortization of loss on advance refunding	<u>(4,392)</u>	<u>(5,988)</u>
Total nonoperating expenses	<u>186,204</u>	<u>152,103</u>
Income before contributions and transfers	1,032,110	1,040,341
Capital Contributions	2,253,871	1,200,240
Capital Contributions, Municipal	-	102,711
Transfers, Tax Equivalent	<u>(438,577)</u>	<u>(423,629)</u>
Change in net position	2,847,404	1,919,663
Net Position, Beginning	<u>25,108,230</u>	<u>23,188,567</u>
Net Position, Ending	<u><u>\$ 27,955,634</u></u>	<u><u>\$ 25,108,230</u></u>

Waunakee Utilities

Water Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,660,827	\$ 2,656,528
Paid to suppliers for goods and services	(687,983)	(977,012)
Paid to employees for operating payroll	<u>(461,117)</u>	<u>(433,402)</u>
Net cash flows from operating activities	<u>1,511,727</u>	<u>1,246,114</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(438,577)</u>	<u>(423,629)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(782,928)	(528,403)
Capital contributions received	26,000	73,500
Debt retired	(450,000)	(448,000)
Interest paid	<u>(27,333)</u>	<u>(38,455)</u>
Net cash flows from capital and related financing activities	<u>(1,234,261)</u>	<u>(941,358)</u>
Cash Flows From Investing Activities		
Investments sold (purchased)	28,400	(297,289)
Investment income	<u>212,326</u>	<u>193,063</u>
Net cash flows from investing activities	<u>240,726</u>	<u>(104,226)</u>
Net change in cash and cash equivalents	79,615	(223,099)
Cash and Cash Equivalents, Beginning	<u>1,656,354</u>	<u>1,879,453</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,735,969</u></u>	<u><u>\$ 1,656,354</u></u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u><u>\$ 2,253,871</u></u>	<u><u>\$ 1,200,240</u></u>
Municipality financed additions to utility plant	<u><u>\$ -</u></u>	<u><u>\$ 102,711</u></u>

Waunakee Utilities

Water Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 845,906	\$ 888,238
Noncash items in operating income:		
Depreciation	694,174	700,877
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(5,051)	(7,450)
Other accounts receivable	25,063	(3,483)
Due from Municipality	(327)	250
Materials and supplies	(8,047)	285
Pension related deferrals and assets (liabilities)	(450)	29,351
OPEB related deferrals and liabilities	5,020	7,038
Accounts payable	(10,273)	(382,307)
Customer deposits	1,966	37
Accrued and other current liabilities	(32,954)	7,278
Compensated absences	(3,300)	6,000
	<u>\$ 1,511,727</u>	<u>\$ 1,246,114</u>
Net cash flows from operating activities	<u>\$ 1,511,727</u>	<u>\$ 1,246,114</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 2,169,568	\$ 2,101,670
Redemption account	91,571	119,336
Reserve account	479,470	492,937
Depreciation account	18,970	20,332
Replacement account	<u>192,000</u>	<u>166,089</u>
Total cash and investments	2,951,579	2,900,364
Less noncash equivalents	<u>(1,215,610)</u>	<u>(1,244,010)</u>
Cash and cash equivalents	<u>\$ 1,735,969</u>	<u>\$ 1,656,354</u>

Waunakee Utilities

Water Utility Plant

Year Ended December 31, 2024

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Source of Supply				
Land and land rights	\$ 128	\$ -	\$ -	\$ 128
Wells and springs	530,092	-	-	530,092
Total source of supply	530,220	-	-	530,220
Pumping				
Land and land rights	58,677	-	-	58,677
Structures and improvements	1,289,368	30,404	2,000	1,317,772
Other power production equipment	170,109	-	-	170,109
Electric pumping equipment	1,087,236	24,047	9,362	1,101,921
Total pumping	2,605,390	54,451	11,362	2,648,479
Water Treatment				
Water treatment equipment	72,936	-	-	72,936
Transmission and Distribution				
Land and land rights	57,536	-	-	57,536
Distribution reservoirs and standpipes	1,545,806	-	-	1,545,806
Transmission and distribution mains	18,169,819	1,956,791	21,920	20,104,690
Services	4,490,745	415,119	2,200	4,903,664
Meters	993,135	19,567	553	1,012,149
Hydrants	3,293,752	403,290	1,000	3,696,042
Total transmission and distribution	28,550,793	2,794,767	25,673	31,319,887
General				
Land and land rights	55,350	-	-	55,350
Structures and improvements	1,200,499	-	-	1,200,499
Office furniture and equipment	2,564	-	-	2,564
Computer equipment	95,857	9,145	-	105,002
Transportation equipment	255,440	-	-	255,440
Tools, shop and garage equipment	77,517	4,950	-	82,467
Laboratory equipment	12,344	-	-	12,344
Power-operated equipment	76,439	-	-	76,439
Communication equipment	207,079	-	-	207,079
Total general	1,983,089	14,095	-	1,997,184
Total water utility plant	\$ 33,742,428	\$ 2,863,313	\$ 37,035	\$ 36,568,706

Waunakee Utilities

Water Debt Repayment Schedule
December 31, 2024

Year	2011 Mortgage Revenue Bonds			2013 Mortgage Revenue Bonds			2016 Mortgage Revenue Bonds			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2025	3.10 %	\$ 170,000	\$ 10,708	2.35 %	\$ 123,000	\$ 2,864	1.60 %	\$ 59,000	\$ 2,036	\$ 352,000	\$ 15,608	\$ 367,608
2026	3.20	170,000	5,439		-	-	1.70	65,000	1,095	235,000	6,534	241,534
Total		<u>\$ 340,000</u>	<u>\$ 16,147</u>		<u>\$ 123,000</u>	<u>\$ 2,864</u>		<u>\$ 124,000</u>	<u>\$ 3,131</u>	<u>\$ 587,000</u>	<u>\$ 22,142</u>	<u>\$ 609,142</u>

Waunakee Utilities

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of water:		
Unmetered	\$ 7,982	\$ 7,311
Metered:		
Residential	1,118,710	1,182,503
Multifamily residential	103,180	97,987
Commercial	133,529	126,723
Industrial	331,787	299,951
Public authorities	32,116	36,950
Interdepartmental	2,021	3,286
Total metered sales	1,721,343	1,747,400
Private fire protection	50,265	46,389
Public fire protection	703,104	685,308
Total sales of water	2,482,694	2,486,408
Other operating revenues:		
Forfeited discounts	1,853	1,971
Rents from water property	147,642	169,929
Other	6,987	8,866
Total operating revenues	2,639,176	2,667,174
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation supervision and engineering	89,249	89,917
Fuel or purchased power for pumping	104,479	113,785
Miscellaneous	1,629	1,874
Maintenance:		
Structures and improvements	40,725	21,333
Pumping equipment	31,197	7,364
Total pumping	267,279	234,273
Water treatment:		
Operation supervision and engineering	11,273	20,071
Chemicals	21,846	26,300
Maintenance:		
Structures and improvements	1,524	1,534
Total water treatment	34,643	47,905
Transmission and distribution:		
Transmission and distribution lines	64,317	63,757
Meters	33,736	26,898
Customer installations	9,300	7,000
Maintenance:		
Supervision and engineering	88,092	83,433
Reservoirs and standpipes	3,597	5,106
Mains	56,814	37,667
Services	8,809	20,380
Meters	3,662	2,921
Hydrants	13,996	17,160
Miscellaneous	12,309	25,405
Total transmission and distribution	294,632	289,727

Waunakee Utilities

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Customer accounts:		
Meter reading	\$ -	\$ 26
Accounting and collecting labor	52,233	50,251
Uncollectible accounts	<u>126</u>	<u>109</u>
Total customer accounts	<u>52,359</u>	<u>50,386</u>
Sales	<u>3,200</u>	<u>3,900</u>
Administrative and general:		
Salaries	71,494	73,369
Office supplies	60,093	52,019
Outside services employed	11,442	12,372
Property insurance	23,051	15,294
Injuries and damages	4,159	5,233
Employee pensions and benefits	170,201	195,659
Regulatory commission	525	145
Miscellaneous	7,599	8,324
Maintenance	<u>60,687</u>	<u>55,334</u>
Total administrative and general	<u>409,251</u>	<u>417,749</u>
Taxes	<u>37,732</u>	<u>34,119</u>
Total operation and maintenance	1,099,096	1,078,059
Depreciation	<u>694,174</u>	<u>700,877</u>
Total operating expenses	<u>1,793,270</u>	<u>1,778,936</u>
Operating income	<u>\$ 845,906</u>	<u>\$ 888,238</u>

Waunakee Utilities

Rate of Return - Regulatory Basis

Years Ended December 31, 2024 and 2023

	Water	
	2024	2023
Utility Financed Plant in Service		
Beginning of year	\$ 16,902,688	\$ 16,290,988
End of year	<u>17,281,060</u>	<u>16,902,688</u>
Average	<u>17,091,874</u>	<u>16,596,838</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(6,712,228)	(5,937,724)
End of year	<u>(6,362,178)</u>	<u>(6,712,228)</u>
Average	<u>(6,537,203)</u>	<u>(6,324,976)</u>
Materials and Supplies		
Beginning of year	54,420	54,705
End of year	<u>62,467</u>	<u>54,420</u>
Average	<u>58,444</u>	<u>54,563</u>
Regulatory Liability		
Beginning of year	-	(37,107)
End of year	<u>-</u>	<u>-</u>
Average	<u>-</u>	<u>(18,554)</u>
Average net rate base	<u>\$ 10,613,115</u>	<u>\$ 10,307,871</u>
Operating income, regulatory basis	<u>\$ 771,860</u>	<u>\$ 788,531</u>
Rate of return (percent)	<u>7.27 %</u>	<u>7.65 %</u>
Authorized rate of return (percent)	<u>5.50 %</u>	<u>5.75 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

SEWER UTILITY

Waunakee Utilities

Sewer Utility Schedules of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 4,966,565	\$ 3,828,900
Interest receivable	78,836	84,130
Restricted assets:		
Redemption account	105,027	105,571
Customer accounts receivable	390,736	335,479
Due from Municipality	<u>201</u>	<u>-</u>
Total current assets	<u>5,541,365</u>	<u>4,354,080</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	173,806	173,806
Replacement account	192,000	166,089
Capital assets:		
Plant in service	21,360,867	19,316,834
Accumulated depreciation	<u>(5,229,334)</u>	<u>(4,886,234)</u>
Total noncurrent assets	<u>16,497,339</u>	<u>14,770,495</u>
Total assets	<u>22,038,704</u>	<u>19,124,575</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	6,310	8,356
Deferred outflows related to pension	100,269	172,756
Deferred outflows related to OPEB	<u>11,603</u>	<u>13,237</u>
Total deferred outflows of resources	<u>118,182</u>	<u>194,349</u>

Waunakee Utilities

Sewer Utility Schedules of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 703,193	\$ 600,663
Accrued liabilities	192,000	166,000
Accrued and other current liabilities	4,279	4,568
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	160,000	161,000
Accrued interest	<u>4,334</u>	<u>4,967</u>
Total current liabilities	<u>1,063,806</u>	<u>937,198</u>
Noncurrent Liabilities		
Revenue bonds	795,000	955,000
Compensated absences	39,200	40,700
Net other postemployment benefits	26,272	24,301
Net pension liability	<u>15,088</u>	<u>46,099</u>
Total noncurrent liabilities	<u>875,560</u>	<u>1,066,100</u>
Total liabilities	<u>1,939,366</u>	<u>2,003,298</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	61,976	97,223
Deferred inflows related to OPEB	<u>15,724</u>	<u>17,107</u>
Total deferred inflows of resources	<u>77,700</u>	<u>114,330</u>
Net Position		
Net investment in capital assets	15,356,648	13,496,761
Restricted for:		
Debt service	100,693	100,604
Equipment replacement	192,000	166,089
Unrestricted	<u>4,490,479</u>	<u>3,437,842</u>
Total net position	<u>\$ 20,139,820</u>	<u>\$ 17,201,296</u>

Waunakee Utilities

Sewer Utility Schedules of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Wastewater revenues	\$ 4,696,519	\$ 3,745,415
Other	<u>7,540</u>	<u>7,366</u>
Total operating revenues	<u>4,704,059</u>	<u>3,752,781</u>
Operating Expenses		
Operation and maintenance	3,344,645	2,991,797
Depreciation	<u>399,751</u>	<u>375,110</u>
Total operating expenses	<u>3,744,396</u>	<u>3,366,907</u>
Operating Income	<u>959,663</u>	<u>385,874</u>
Nonoperating Revenues (Expenses)		
Investment income	232,625	150,937
Interest expense	(27,174)	(30,601)
Amortization of loss on advance refunding	<u>(2,046)</u>	<u>(2,496)</u>
Total nonoperating expenses	<u>203,405</u>	<u>117,840</u>
Income before contributions	1,163,068	503,714
Capital Contributions	1,775,456	790,159
Capital Contributions, Municipal	<u>-</u>	<u>62,427</u>
Change in net position	2,938,524	1,356,300
Net Position, Beginning	<u>17,201,296</u>	<u>15,844,996</u>
Net Position, Ending	<u><u>\$ 20,139,820</u></u>	<u><u>\$ 17,201,296</u></u>

Waunakee Utilities

Sewer Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 4,647,218	\$ 3,816,191
Paid to suppliers for goods and services	(3,040,087)	(2,786,867)
Paid to employees for operating payroll	<u>(193,983)</u>	<u>(188,857)</u>
Net cash flows from operating activities	<u>1,413,148</u>	<u>840,467</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(325,228)	(293,803)
Capital contributions received	26,000	73,500
Debt retired	(161,000)	(155,000)
Interest paid	<u>(27,807)</u>	<u>(31,145)</u>
Net cash flows from capital and related financing activities	<u>(488,035)</u>	<u>(406,448)</u>
Cash Flows From Investing Activities		
Investments sold (purchased)	41,020	(319,467)
Investment income	<u>237,919</u>	<u>84,753</u>
Net cash flows from investing activities	<u>278,939</u>	<u>(234,714)</u>
Net change in cash and cash equivalents	1,204,052	199,305
Cash and Cash Equivalents, Beginning	<u>2,477,558</u>	<u>2,278,253</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 3,681,610</u></u>	<u><u>\$ 2,477,558</u></u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 1,775,456</u>	<u>\$ 790,159</u>
Municipality financed additions to utility plant	<u><u>\$ -</u></u>	<u><u>\$ 62,427</u></u>

Waunakee Utilities

Sewer Utility Schedules of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash Flows From		
Operating Activities		
Operating income	\$ 959,663	\$ 385,874
Noncash items in operating income:		
Depreciation	399,751	375,110
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(55,257)	50,360
Due from Municipality	(201)	233
Pension related deferrals and assets (liabilities)	6,229	13,779
OPEB related deferrals and liabilities	2,222	3,112
Accounts payable	102,530	13,787
Accrued and other current liabilities	(289)	712
Compensated absences	<u>(1,500)</u>	<u>(2,500)</u>
Net cash flows from operating activities	<u>\$ 1,413,148</u>	<u>\$ 840,467</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net		
Position Accounts		
Cash and investments	\$ 4,966,565	\$ 3,828,900
Redemption account	105,027	105,571
Reserve account	173,806	173,806
Replacement account	<u>192,000</u>	<u>166,089</u>
Total cash and investments	5,437,398	4,274,366
Less noncash equivalents	<u>(1,755,788)</u>	<u>(1,796,808)</u>
Cash and cash equivalents	<u>\$ 3,681,610</u>	<u>\$ 2,477,558</u>

Waunakee Utilities

Sewer Utility Plant

Year Ended December 31, 2024

	Balance 1/2/24	Additions	Retirements	Balance 12/31/24
Collecting System				
Collecting mains	\$ 14,781,195	\$ 2,057,894	\$ 54,598	\$ 16,784,491
Interceptor mains	1,244,220	-	-	1,244,220
Force mains	176,458	-	-	176,458
Total collecting system	<u>16,201,873</u>	<u>2,057,894</u>	<u>54,598</u>	<u>18,205,169</u>
Collecting System Pumping				
Land and land rights	37,685	-	-	37,685
Electric pumping equipment	877,742	5,626	1,500	881,868
Total collecting system pumping	<u>915,427</u>	<u>5,626</u>	<u>1,500</u>	<u>919,553</u>
Treatment and Disposal				
Other treatment and disposal equipment	730,480	19,566	553	749,493
General				
Land and land rights	36,900	-	-	36,900
Structures and improvements	808,126	-	-	808,126
Office furniture and equipment	2,479	-	-	2,479
Computer equipment	71,542	17,599	-	89,141
Transportation equipment	353,538	-	-	353,538
Other general equipment	196,468	-	-	196,468
Total general	<u>1,469,053</u>	<u>17,599</u>	<u>-</u>	<u>1,486,652</u>
Total sewer utility plant	<u>\$ 19,316,833</u>	<u>\$ 2,100,685</u>	<u>\$ 56,651</u>	<u>\$ 21,360,867</u>

Waunakee Utilities

Sewer Debt Repayment Schedule

December 31, 2024

Year	2013 Mortgage Revenue Bonds			2013 Mortgage Revenue Bonds			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2025	2.35 %	\$ 15,000	\$ 378	2.50 %	\$ 145,000	\$ 23,630	\$ 160,000	\$ 24,008	\$ 184,008
2026		-	-	2.50	150,000	19,943	150,000	19,943	169,943
2027		-	-	2.75	155,000	15,937	155,000	15,937	170,937
2028		-	-	2.75	160,000	11,604	160,000	11,604	171,604
2029		-	-	2.85	160,000	7,124	160,000	7,124	167,124
2030		-	-	2.85	170,000	2,422	170,000	2,422	172,422
Total		\$ 15,000	\$ 378		\$ 940,000	\$ 80,660	\$ 955,000	\$ 81,038	\$ 1,036,038

Waunakee Utilities

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 2,665,383	\$ 2,314,385
Commercial	503,950	422,593
Industrial	679,412	432,027
Public authorities	60,674	57,103
Interdepartmental sales	2,627	4,264
High strength customer surcharges	<u>784,473</u>	<u>515,043</u>
Total wastewater revenues	<u>4,696,519</u>	<u>3,745,415</u>
Other operating revenues:		
Forfeited discounts	2,798	3,015
Other	<u>4,742</u>	<u>4,351</u>
Total operating revenues	<u>4,704,059</u>	<u>3,752,781</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	11,922	13,433
Treatment charges	2,737,552	2,399,251
Other operating supplies	<u>1,371</u>	<u>2,794</u>
Total operation	<u>2,750,845</u>	<u>2,415,478</u>
Maintenance:		
Collection system	54,966	121,289
Pumping equipment	17,414	5,975
General plant structures and equipment	<u>32,758</u>	<u>24,773</u>
Total maintenance	<u>105,138</u>	<u>152,037</u>
Customer accounts:		
Accounting and collecting	49,869	44,712
Meter reading	-	9
Uncollectible accounts	<u>179</u>	<u>138</u>
Total customer accounts	<u>50,048</u>	<u>44,859</u>
Administrative and general:		
Salaries	78,551	74,641
Office supplies	66,734	56,948
Outside services employed	33,248	10,886
Insurance	46,550	46,839
Employees pensions and benefits	160,101	150,971
Miscellaneous	2,414	3,147
Rents	<u>37,119</u>	<u>22,459</u>
Total administrative and general	<u>424,717</u>	<u>365,891</u>
Taxes	<u>13,897</u>	<u>13,532</u>
Total operation and maintenance	3,344,645	2,991,797
Depreciation	<u>399,751</u>	<u>375,110</u>
Total operating expenses	<u>3,744,396</u>	<u>3,366,907</u>
Operating income	<u>\$ 959,663</u>	<u>\$ 385,874</u>

FORM OF LEGAL OPINION

(See following pages)

June 18, 2025

\$4,940,000*
Village of Waunakee
Dane County, Wisconsin
Water and Electric System Revenue Bonds, Series 2025A

We have acted as bond counsel in connection with the issuance by the Village of Waunakee, Dane County, Wisconsin (the “Village”), of aggregate principal amount of \$4,940,000 Water and Electric System Revenue Bonds, Series 2025A, dated June 18, 2025 (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.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material related to the Bonds, and we express no opinion relating thereto. 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. It is to be understood that 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 revenue obligations of the Village, payable solely from and secured by a pledge of income and revenue derived from the operation of the water and electric system 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; however, interest on the Bonds is taken into account in determining “annual adjusted financial statement income” of applicable corporations (as defined in

* Preliminary; subject to change.

Section 59(k) of the Code). 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)

\$4,940,000*
Village of Waunakee
Dane County, Wisconsin
Water and Electric System Revenue Bonds, Series 2025A

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 \$4,940,000 Water and Electric System Revenue Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to the resolutions adopted by the Village Board on May 5, 2025 and June 2, 2025 (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.

* Preliminary; subject to change.

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

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

“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 June ____, 2025 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, 2024, 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:

Description of Water System
Description of Electric System
Current Property Valuations
Direct Debt
Debt Limit

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 June 18, 2025.

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

[SEAL]

By: _____
Kristin Runge, Village President

By: _____
Karla Endres, Village Clerk

[Signature Page to Continuing Disclosure Agreement]
Village of Waunakee, Dane County, Wisconsin
Water and Electric System Revenue Bonds, Series 2025A

NOTICE OF SALE

\$4,940,000* WATER AND ELECTRIC SYSTEM REVENUE BONDS, SERIES 2025A VILLAGE OF WAUNAKEE, WISCONSIN

Bids for the purchase of \$4,940,000* Water and Electric System Revenue Bonds, Series 2025A (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 bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on June 2, 2025, at which time they will be opened, read and tabulated. The bids will be presented to the Village Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the Village for public purposes, including paying the cost of construction, improvements, extensions and additions to the Village's water and electric utility system and professional and financing fees. The Bonds are not general obligations of the Village, but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Waterworks and Electric System (the "Utility System")¹. Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

DATES AND MATURITIES

The Bonds will be dated June 18, 2025, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$90,000	2033	\$220,000	2040	\$290,000
2027	\$175,000	2034	\$225,000	2041	\$305,000
2028	\$180,000	2035	\$235,000	2042	\$320,000
2029	\$190,000	2036	\$245,000	2043	\$335,000
2030	\$195,000	2037	\$255,000	2044	\$355,000
2031	\$200,000	2038	\$265,000	2045	\$370,000
2032	\$210,000	2039	\$280,000		

¹ On May 5, 2025, the Village Board adopted a "Resolution Authorizing Redemption of Waterworks and Electric System Mortgage Revenue Bonds, Series 2011, Series 2013A and Series 2016B." The Village will redeem all outstanding Utility System debt on June 11, 2025 prior to closing on the Bonds.

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 May 1 and November 1 of each year, commencing May 1, 2026, 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 ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after May 1, 2036 shall be subject to optional redemption prior to maturity on May 1, 2035 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about June 18, 2025, 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 ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$4,878,250 plus accrued interest on the principal sum of \$4,940,000 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$98,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the 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 Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Village will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

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

(a) The winning bidder shall assist the Village in establishing the issue price of the 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-offering-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 of the Bonds (the "Closing Date") has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Village Board

Karla Endres, Village Clerk
Village of Waunakee, Wisconsin

FORM OF RESOLUTION

(See following pages)

VILLAGE OF WAUNAKEE, DANE COUNTY, WISCONSIN

RESOLUTION NO. _____

**RESOLUTION AWARDING THE SALE OF
\$4,940,000 WATER AND ELECTRIC SYSTEM
REVENUE BONDS, SERIES 2025A**

WHEREAS, the Village of Waunakee, Dane County, Wisconsin (the “Village”), now owns and operates and has for many years owned and operated its water and electric system, a public utility (the water and electric system and all properties of every nature in connection with such system now or hereafter owned by the Village, including all improvements and extensions thereto, all real and personal property of every nature comprising part of and used or useful in connection therewith, and all appurtenances, contracts, leases, franchises and other intangibles, are hereinafter referred to as the “System”); and

WHEREAS, the Village has outstanding its (i) Waterworks and Electric System Mortgage Revenue Bonds, Series 2011 dated December 21, 2011 (the “Series 2011 Bonds”), (ii) Waterworks and Electric System Mortgage Revenue Bonds, Series 2013A dated March 14, 2013 (the “Series 2013A Bonds”), and (iii) Waterworks and Electric System Mortgage Revenue Refunding Bonds, Series 2016B dated June 18, 2025 (the “Series 2016B Bonds” and collectively with the Series 2011 Bonds and the Series 2013A Bonds, the “Prior Bonds”), all authorized by prior resolutions of the Village (which Prior Bonds are payable from the income and revenues of the System and constitute a lien on the System); and

WHEREAS, pursuant to a resolution adopted by the Village Board on May 5, 2025, all outstanding maturities of the Prior Bonds will be called for redemption and fully redeemed on June 11, 2025; and

WHEREAS, under the provisions of Chapter 66 of the Wisconsin Statutes, the Village may, by action of its governing body, provide funds to finance improvements and extensions to a public utility from the proceeds of bonds, which bonds are to be payable only from the gross income and revenues derived from the operation of such utility, and are to be secured by a pledge of the revenues of the utility; and

WHEREAS, the Village Board has determined that it is necessary to raise funds for the purpose of paying certain utility project costs including, but not limited to, the following:

- (a) Construction, improvements, extensions and additions to the Village’s water and electric utility system, a public utility; and
- (b) Professional and financing fees;

(collectively, the “Project”) and there are insufficient funds on hand to pay said costs; and

WHEREAS, for the purpose of providing funds to finance the Project, the Village has determined that it is necessary and desirable to authorize and sell its \$4,940,000 Water and Electric System Revenue Bonds, Series 2025A (the “Bonds”) payable solely from the revenues to be derived from the operation of the System, which Bonds are to be authorized and issued pursuant to the provisions of Section 66.0621, Wisconsin Statutes; and

WHEREAS, upon the full redemption of the Prior Bonds on June 11, 2025, no other bonds or notes payable from the revenues of the System will be outstanding at the time the Bonds are issued on or about June 18, 2025 (the “Closing Date”).

NOW, THEREFORE, the Village Board of the Village of Waunakee, Dane County, Wisconsin, does resolve that:

Section 1. Authorization of Bonds. For the purpose of financing the Project, the Village shall borrow on the credit of the income and revenue of the System the sum of not to exceed \$4,940,000. Negotiable, fully-registered bonds of the Village, in the denomination of \$5,000, or any whole multiple thereof, shall be issued in evidence thereof. The Bonds shall be designated “Water and Electric System Revenue Bonds, Series 2025A”, shall be numbered from R-1 upward, and shall be dated the Closing Date. The Bonds shall mature on May 1 of each of the years and in the amounts set forth below. The Bonds shall bear interest at the rates per annum set forth below, payable on May 1 and November 1 of each year, commencing May 1, 2026. Interest shall be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 2026		
May 1, 2027		
May 1, 2028		
May 1, 2029		
May 1, 2030		
May 1, 2031		
May 1, 2032		
May 1, 2033		
May 1, 2034		
May 1, 2035		
May 1, 2036		
May 1, 2037		
May 1, 2038		
May 1, 2039		
May 1, 2040		
May 1, 2041		
May 1, 2042		
May 1, 2043		
May 1, 2044		
May 1, 2045		

[The term Bonds are subject to partial mandatory redemption through the operation of a sinking fund on the dates and in the amounts specified below at a price equal to 100% of the principal amount of the Bonds being redeemed, plus accrued interest to the redemption date:

<u>Term Bond 1</u>	
Mandatory Sinking Fund <u>Payment Date</u>	Mandatory Sinking Fund <u>Payment Amount</u>
May 1, 20____	\$_____
May 1, 20____ (maturity)	\$_____

<u>Term Bond 2</u>	
Mandatory Sinking Fund <u>Payment Date</u>	Mandatory Sinking Fund <u>Payment Amount</u>
May 1, 20____	\$_____
May 1, 20____ (maturity)	\$_____]

At the option of the Village, Bonds maturing on May 1, 2036 and thereafter are subject to call for prior redemption in whole or in part on May 1, 2035 or on any date thereafter, at a price of par plus accrued interest. The amounts and maturities of the Bonds to be redeemed shall be selected by the Village. If less than the entire principal amount of any maturity is to be redeemed, the Bonds of that maturity which are to be redeemed shall be selected by lot.

The schedule of maturities is found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices.

The Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund hereinafter provided, and shall be a valid claim of the owner thereof only against the Special Redemption Fund and the revenues pledged to such fund, and sufficient revenues are pledged to the Special Redemption Fund, and shall be used for no other purpose than to pay the principal and interest on the Bonds, the Outstanding Bonds, and Parity Bonds, as the same fall due.

Section 2. Form of Bonds. The Bonds shall be in substantially the form set forth on Exhibit A attached hereto.

Section 3. Definitions. In addition to the words defined elsewhere in this Resolution, the following words shall have the following meanings unless the context or use indicates another or different meaning or intent.

“Annual Debt Service Requirement” means the total amount of principal and interest due on the Bonds, Outstanding Bonds, and Parity Bonds in any Bond Year (whether the principal is due by maturity or mandatory redemption).

“Bonds” mean the Village’s \$4,940,000 Water and Electric System Revenue Bonds, Series 2025A, dated June 18, 2025.

“Bond Year” means the one-year period ending on a principal payment or mandatory redemption date for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Credit Obligation” means any obligation of the Village under a contract, lease, installment sales agreement or other instrument, including but not limited to any contract entered into with a municipal electric company pursuant to Section 66.0825(8), Wisconsin Statutes, to make payments for property, services or commodities for the benefit or use of the electric utility portion of the System whether or not the same are made available, furnished or received, or any other obligation of the Village, under which the Village lends credit to or guarantees debts, claims or other obligations of any other person or entity for the purpose of obtaining property, services or commodities for the electric utility portion of the System or for the purpose of financing the initial costs of any project of any other person or entity from which property, services or commodities are intended to be obtained for the benefit or use of the electric utility portion of the System but only to the extent such obligation requires payment directly or indirectly from a designated fund or account created under this Resolution.

“DTC” means The Depository Trust Company, New York, New York, or any successor securities depository for the Village with respect to the Bonds.

“Fiscal Agent” means Bond Trust Services Corporation, Roseville, Minnesota or a successor fiscal agent to be named by the Village.

“Fiscal Year” means the fiscal year adopted by the Village for the System, which is currently the calendar year.

“Net Revenues” means the Revenues minus all Operation and Maintenance Expenses of the System.

“Operation and Maintenance Expenses” means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, costs of materials and supplies, insurance and audits, but shall exclude depreciation, debt service, tax equivalents, replacements and capital expenditures. In the case of the electric utility portion of the System, Operation and Maintenance Expenses shall include, without intent to limit the foregoing, all costs of purchasing, producing and delivering electric power and energy and specifically fuel costs, costs of transmission service, reserve service, interchange service, and all other costs of purchased power, including obligations under the Power Supply Contract between the Village and WPPI, and all payments required by Credit Obligations.

“Outstanding Bonds” means any bonds outstanding which are issued on a parity with the Bonds.

“Parity Bonds” means additional bonds issued on a parity as to pledge and lien with the Bonds in accordance with the provisions of Section 9 of this Resolution.

“Power Supply Contract” means the Long Term Power Supply Contract for Participating Members between the Village and WPPI entered into under Section 66.0825, Wisconsin Statutes.

“Reserve Requirement” means the least of (a) 10% of the proceeds of the Bonds, (b) the maximum annual debt service on the Bonds or (c) 125% of the average annual debt service on the Bonds.

“Revenues” means all income and revenue derived from operation of the System, including the revenues received from the Village for services rendered to it, and all moneys received from any other source, including income derived from investments.

“WPPI” means WPPI Energy, a municipal electric company organized under Section 66.0825, Wisconsin Statutes.

Section 4. Income and Revenue Funds. The Revenues shall be set aside into the Water and Electric System Revenue Fund which shall be divided into the following separate and special funds, which funds were created by the resolution adopted by the Village on April 7, 1986 (the “1986 Resolution”) and are hereby continued, to be used and applied as described below:

First, Revenues in amounts sufficient to provide for the reasonable and proper operation and maintenance of the System shall be set aside into the “Water and Electric System Operation and Maintenance Fund” (the “Operation and Maintenance Fund”).

Next, Revenues in amounts sufficient to pay the principal of and interest on the Bonds, Outstanding Bonds, and Parity Bonds and to meet debt service reserve requirements shall be set aside into the “Water and Electric System Revenue Bond and Interest Special Redemption Fund” (the “Special Redemption Fund”) to be applied to the payment of the principal of and interest on the Bonds, the Outstanding Bonds, and Parity Bonds and to meet reserve requirements. The monies standing in the Special Redemption Fund are irrevocably pledged to the payment of principal of the interest on the Bonds, Outstanding Bonds, and Parity Bonds.

The Operation and Maintenance Fund shall be deposited as received in public depositories to be selected by the Village Board in the manner required by Chapter 34 of the Wisconsin Statutes and may be invested in legal investments subject to the provisions of Section 66.0603, Wisconsin Statutes.

Money in the Operation and Maintenance Fund shall be used to pay Operation and Maintenance Expenses as the same become due; money not immediately required for Operation and Maintenance Expenses shall be used first to remedy any deficiency in the Special Redemption Fund and next to accumulate a reserve in the Operation and Maintenance Fund equal to estimated Operation and Maintenance Expenses for one month. Any money then available and remaining in the Operation and Maintenance Fund may be transferred to the Surplus Fund, which fund was created by the 1986 Resolution and is hereby continued.

In the event the moneys in the Revenue Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Special Redemption Fund, any moneys or securities in the Revenue Fund or other funds established pursuant to this Resolution, except the

proceeds of sale of the Bonds and moneys in the Reserve Account, shall be credited or transferred, first, to the Operation and Maintenance Fund, and second to the Special Redemption Fund, to the extent of any deficit therein. Obligations of the Village under the Power Supply Contract between the Village and WPPI in any event shall be payable prior to payments to the Special Redemption Fund. It is the express intent and determination of the Village Board that the amounts of Revenues to be set aside and paid into the Special Redemption Fund (including the Reserve Account) shall in any event be sufficient to pay principal of and interest on the Bonds, Outstanding Bonds, and Parity Bonds and to meet reserve requirements. The Village Treasurer shall, from year to year, deposit at least sufficient Revenues in the Special Redemption Fund to pay promptly all principal and interest falling due on the Bonds, Outstanding Bonds, and Parity Bonds and to meet reserve requirements.

The Revenues set aside for the payment of principal and interest on the Bonds, Outstanding Bonds, and Parity Bonds and to meet reserve requirements shall be set apart and shall be paid into the Special Redemption Fund not later than the 10th day of the month following each quarter. The amount deposited each quarter shall be not less than one-half of the interest next coming due, plus one-fourth of the principal next maturing or subject to mandatory redemption on the next redemption date.

The minimum amounts to be deposited for debt service on the Bonds, in addition to all amounts required to be deposited to pay principal and interest on the Bonds, Outstanding Bonds, and Parity Bonds are set forth on Exhibit B hereto.

The Special Redemption Fund shall be used for no purpose other than the payment of principal and interest on the Bonds, Outstanding Bonds, and Parity Bonds promptly as the same become due and payable or to pay redemption premiums. All money in the Special Redemption Fund shall be deposited in a special account and invested in legal investments subject to Section 66.0603, Wisconsin Statutes, and the monthly payments required to be made to the Special Redemption Fund shall be made directly to such account.

The Reserve Account established by Section 3 of the 1986 Resolution and continued by this Resolution shall be continued to additionally secure the payment of principal of and interest on the Bonds, Outstanding Bonds, and Parity Bonds. The Village hereby covenants and agrees that upon the issuance of the Bonds, such amount as is necessary to make the amount on deposit in the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. The Village covenants and agrees that if at any time the Reserve Account is drawn upon and the amount in the Reserve Account shall be less than the Reserve Requirement, an amount equal to one-twelfth of the Reserve Requirement will be paid monthly into the Reserve Account from those funds in the Special Redemption Fund, the Operation and Maintenance Fund, and the Surplus Fund which are in excess of the minimum amounts required by the preceding paragraphs to be paid therein until the Reserve Requirement will again have accumulated in the Reserve Account. No such payments need to be made into the Reserve Account at such times as the monies in the Reserve Account are equal to the highest Annual Debt Service Requirement on the Outstanding Bonds, Outstanding Bonds, and Parity Bonds. If for any reason there shall be insufficient funds on hand in the Special Redemption Fund to meet principal or interest becoming due on the Bonds, Outstanding Bonds, or the Parity Bonds, then all sums then held in the Reserve Account shall be used to pay the portion of interest or principal on such Bonds, Outstanding Bonds, or Parity Bonds becoming due as to which there would otherwise be default, and thereupon the payments required by this paragraph shall again

be made into the Reserve Account until an amount equal to the Reserve Requirement is on deposit in the Reserve Account.

Funds in the Special Redemption Fund in excess of the minimum amounts required to be paid therein plus reserve requirements may be transferred to the Surplus Fund.

Money in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve and the Special Redemption Fund including the Reserve Account. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified herein, and may be transferred to any of the funds or accounts created by this section.

Section 5. Service to Village. The reasonable cost and value of any service rendered to the Village by the System shall be charged against the Village and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the Village collected or in the process of collection, exclusive of the revenues derived from the System, to wit: out of the tax levy of the Village made by it to raise money to meet cost and value shall be equal to the lesser of the maximum Annual Debt Service Requirement or such part thereof as may be necessary from year to year to pay the balance of an amount which, together with other Revenues of the System, will produce in each Bond Year Net Revenues equivalent to not less than 1.25 times the Annual Debt Service Requirement. Such compensation for such service rendered to the Village shall, in the manner provided hereinabove, be paid into the separate and special funds described in Section 4 of this Resolution. However, such payment out of the tax levy shall be subject to: (a) approval of the Public Service Commission, or successors to its functions, if necessary, (b) yearly appropriations therefor and (c) applicable levy limitations, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the Village to make any such appropriation over and above the reasonable cost and value of services rendered to the Village and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 6. Operation of System; Village Covenants. It is covenanted and agreed by the Village with the owner or owners of the Bonds, and each of them, that:

(a) It will faithfully and punctually perform all duties with reference to the System required by the constitution and statutes of the State of Wisconsin, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, and will segregate the Revenues of the System and apply them to the respective funds described hereinabove;

(b) It will not sell, lease, or in any manner dispose of the System, including any part thereof, or any additions or extensions that may be made part thereto, except that the Village shall have the right to sell, lease or otherwise dispose of any property of the System found by the Village Board to be neither necessary nor useful in the operation of the System, provided the proceeds received from such sale, lease or disposal shall be paid into the Special Redemption Fund or applied to the acquisition or construction of capital facilities for use in the normal operation of the System, and such payment shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund;

(c) It will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the System or its Revenues or could impair the security of the Bonds;

(d) It will cause the improvements for the System to be made as expeditiously as possible;

(e) It will maintain in reasonably good condition and operate the System, and will establish, charge and collect such lawfully established rates and charges for the service rendered by the System, so that in each Bond Year Net Revenues shall not be less than 125% of the Annual Debt Service Requirement and so that the Revenues of the System herein agreed to be set aside to provide for the payment of the Bonds, Outstanding Bonds, and Parity Bonds and the interest thereon as the same become due and payable will be sufficient for that purpose; and

(f) It will prepare a budget not less than sixty days prior to the end of each Fiscal Year and, in the event such budget indicates that the Net Revenues for each Bond Year will not exceed the Annual Debt Service Requirement for each corresponding Bond Year by the proportion stated hereunder, it will take any and all steps permitted by law to increase rates so that the aforementioned proportion of Net Revenues to the Annual Debt Service Requirement shall be accomplished as promptly as possible.

Section 7. Books and Accounts; Inspection. The Village will keep proper books and accounts relative to the System separate from all other records of the Village and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the System as certified by such accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein shall include the following: (1) a statement in detail of the income and expenditures of the System for the Fiscal Year; (2) a balance sheet as of the end of such Fiscal Year; (3) the accountant's comment regarding the manner in which the Village has carried out the requirements of this Resolution and the accountants' recommendations for any changes or improvements in the operation of the System; and (4) the number of connections to the System at the end of the Fiscal Year, for each user classification (i.e., residential, commercial, public and industrial).

The owners of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Village relating thereto.

Section 8. Insurance. So long as any of the Bonds are outstanding, the Village will carry for the benefit of the owners of the Bonds: (a) adequate fire, lightning, vandalism, riot, strike, explosion, civil commotion, malicious damage, tornado and windstorm insurances on all portions of the System which are subject to loss through such casualties; (b) adequate insurance against loss of use and occupancy resulting from such casualties; (c) adequate public liability insurance and (d) insurance of the kinds and in the amounts normally carried by private companies engaged in the operation of similar systems. All money received for loss of use and occupancy shall be considered Revenue of the System payable into the separate funds named in Section 4 of this Resolution. All money received for losses under any of such casualty policies, except those specified in (b) above, shall be used in repairing the damage or in replacing the property destroyed provided that if the Village Board shall find it is inadvisable to repair such damage or replace such property and that the

operation of the System has not been impaired thereby, such money including proceeds from insurance under (b) above, shall be deposited in the Special Redemption Fund, but in that event such payments shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund.

Section 9. Additional Bonds; Provisions for Parity Bonds. No bonds or obligations payable out of the Revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds.

So long as any of the Bonds, Outstanding Bonds, or Parity Bonds remain outstanding and have not been discharged, Parity Bonds may only be issued if the following updated conditions as set forth in this Resolution are met:

(a) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional bonds must have been equal to at least 1.25 times the highest combined annual interest and principal requirements in any Fiscal Year on all Outstanding Bonds payable from the Revenues of the System and on the bonds then to be issued. Should an increase in permanent rates and charges, including those made to the Village, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such additional bonds or during that part of the Fiscal Year of issuance prior to such issuance, then Revenues for purposes of such computation shall include such additional revenues as an independent certified public accountant, consulting professional engineer, or the Wisconsin Public Service Commission may certify would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year.

(b) The payments required to be made into the funds enumerated in Section 4 of this Resolution (including the Reserve Account, but not the Surplus Fund) must have been made in full.

(c) The additional bonds must have principal maturing on May 1 of each year and interest falling due on May 1 and November 1 of each year.

(d) The proceeds of the additional bonds must be used only for the purpose of providing extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 10. Sale of Bonds. The sale of the Bonds to _____ (the "Purchaser"), for the purchase price of \$_____ (\$4,940,000.00 par amount of the Bonds, plus premium of \$_____, less underwriter's discount of \$_____), is ratified and confirmed. The officers of the Village are authorized and directed to do any and all acts necessary to conclude delivery of the Bonds to the Purchaser, upon receipt of the purchase price, as soon after adoption of this Resolution as is convenient. A copy of the bid form is attached hereto as Exhibit C and incorporated herein by this reference.

Section 11. Application of Bond Proceeds. All accrued interest received from the sale of the Bonds shall be deposited into the Special Redemption Fund. An amount equal to the Reserve Requirement shall be deposited into the Reserve Account. The balance of the proceeds, less the expenses incurred in authorizing, issuing and delivery of the Bonds shall be deposited into a special

fund designated as the “Water and Electric System Improvement Fund” (the “Improvement Fund”). The Improvement Fund shall be adequately secured and shall be used solely for the purpose of meeting costs of adding to, extending and improving the System, as more fully described in the preamble hereof. Any balance remaining in the Improvement Fund after paying said costs shall be transferred to the Special Redemption Fund for use in payment of principal and interest on the Bonds.

Section 12. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except:

(a) The Village may, from time to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and

(b) This Resolution may be amended, in any respect, with the written consent of the owners of not less than two-thirds of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the Village; provided, however, that no amendment shall permit any change in the pledge of Revenues derived from the System, or in the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 13. Defeasance. When all Bonds have been discharged, all pledges, covenants and other rights granted to the owners thereof by this Resolution shall cease. The Village may discharge all Bonds due on any date by depositing into a special account on or before that date a sum sufficient to pay the same in full; or if any Bonds should not be paid when due, it may nevertheless be discharged by depositing into a special account a sum sufficient to pay it in full with interest accrued from the due date to the date of such deposit. The Village, at its option, may also discharge all Bonds called for redemption on any date when they are prepayable according to their terms, by depositing into a special account on or before that date a sum sufficient to pay them in full, with the required redemption premium, if any, provided that notice of redemption has been duly given as required by this Resolution. The Village, at its option, may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest of the U.S. Government, or of a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the Village’s option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the Village’s option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for.

Section 14. Investments and Arbitrage. Monies accumulated in any of the funds and accounts referred to in Section 4 hereof which are not immediately needed for the respective purposes thereof, may be invested in legal investments subject to the provisions of Section 66.0603,

Wisconsin Statutes, until needed. All income derived from such investments shall be regarded as Revenues of the System and shall be credited to the fund or account from which the investment was made; provided, however, that at any time that the Reserve Requirement is on deposit in the Reserve Account, any income derived from investment of the Reserve Account shall be deposited into the Special Redemption Fund and used to pay principal and interest on the Bonds. A separate banking account is not required for each of the funds and accounts established under this Resolution; however, the monies in each fund or account shall be accounted for separately by the Village and used only for the respective purposes thereof. The proceeds of the Bonds shall be used solely for the purposes for which they are issued but may be temporarily invested until needed in legal investments. No such investment shall be made in such a manner as would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or the Regulations of the Commissioner of Internal Revenue thereunder (the “Regulations”).

An officer of the Village, charged with the responsibility for issuing the Bonds, shall, on the basis of the facts, estimates and circumstances in existence on the date of closing, make such certifications as are necessary to permit the conclusion that the Bonds are not “arbitrage bonds” under Section 148 of the Code or the Regulations thereunder.

Section 15. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Village and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 12, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce such owner’s or owners’ rights against the Village, the governing body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the Village, its governing body and any other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 16. Utilization of the Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by DTC, the Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations previously executed on behalf of the Village and on file in the Village Clerk’s office.

Section 17. Persons Treated as Owners; Transfer of Bonds. The Fiscal Agent shall keep books for the registration and for the transfer of the Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof.

All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or such owner’s attorney duly authorized in writing. Upon such transfer, the Village President and Village Clerk shall execute and deliver in the name of the transferee or transferees a new bond or bonds of a like aggregate principal amount, series and

maturity and shall record the name of each transferee in the registration book. No registration may be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

The Village shall cooperate in any such transfer, and the Village President and Village Clerk are authorized to execute any new bond or bonds necessary to effect such transfer.

The 15th day (whether or not a business day) of each calendar month next preceding each interest payment date shall be the record dates for the Bonds. Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the Village at the close of business on the corresponding record date.

Section 18. Compliance with Federal Tax Laws. The Village represents and covenants that the projects financed by the Bonds and their ownership, management and use will not cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code, and that the Village shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. An officer of the Village charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the Village certifying that the Village can and covenanting that it will comply with the provisions of the Code and Regulations.

The Village also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds, provided that in meeting such requirements the Village will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of Wisconsin, and to the extent that there is a reasonable period of time in which to comply.

Section 19. Designation as Qualified Tax-Exempt Obligations. The Bonds are hereby designated as “qualified tax-exempt obligations” for purposes of Section 265 of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable for carrying and acquiring tax-exempt obligations.

Section 20. Execution of Bonds; Closing. The Bonds shall be signed by the manual or facsimile signatures of the Village President and Village Clerk of the Village (provided that, unless the Village has contracted with a fiscal agent to authenticate the Bonds, at least one of such signatures shall be manual), and sealed with the corporate seal of the Village, or a facsimile thereof. The Bonds shall be delivered to the Purchaser upon payment to the Village of the purchase price thereof, plus accrued interest to the date of delivery (the “Closing”). In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The Village hereby authorizes the officers and agents of the Village to enter into, on its behalf, agreements and contracts in conjunction with the Bonds. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 21. Payment of Issuance Expenses. The Village authorizes the Village's municipal advisor, Ehlers & Associates, Inc., to distribute or cause to be distributed the amount of bond proceeds allocable to the payment of issuance expenses on the Closing Date.

Section 22. Designation of Purchaser as Agent; Official Statement. The Village hereby designates the Purchaser as its agent for purposes of distributing the Final Official Statement relating to the Bonds to any participating underwriter in compliance with Rule 15c2-12 of the Securities and Exchange Commission.

The preparation of the Preliminary Official Statement and the Final Official Statement are hereby approved. The Preliminary Official Statement is "deemed final" as of its date, except for omissions or subsequent modifications permitted under Rule 15c2-12 of the Securities and Exchange Commission.

Section 23. Undertaking to Provide Continuing Disclosure. The Village covenants and agrees, for the benefit of the holders of the Bonds, to enter into a written undertaking (the "Undertaking") required by SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the holders of the Bonds or by the original purchaser(s) of the Bonds on behalf of such holders (provided that the rights of the holders and the purchaser(s) to enforce the Undertaking shall be limited to a right to obtain specific enforcement of the obligations thereunder and any failure by the Village to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

The Village President and the Village Clerk, or other officer of the Village charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Agreement for inclusion in the transcript of proceedings, setting forth the details and terms of the Village's Undertaking.

Section 24. Bond Insurance. If the purchaser of the Bonds obtains municipal bond insurance with regard to the Bonds, the Village President and Village Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Village President and Village Clerk including provisions regarding restrictions on investment of bond proceeds, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer, and notices to be given and information to be provided to the bond insurer. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 25. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by the Fiscal Agent. The Fiscal Agency Agreement to be entered into between the Village and the Fiscal Agent is hereby approved.

Section 26. Records. The Village Clerk shall provide and keep a separate record book and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds

Section 27. Conflicting Ordinances or Resolutions. All ordinances, resolutions or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed and this Resolution shall be in effect from and after its passage.

Section 28. Section 893.77 Notice. Notice of sale of the Bonds, in the form attached hereto as Exhibit D, shall be published in the official newspaper of the Village as a class 1 notice under Chapter 985 of the Wisconsin Statutes.

Adopted: June 2, 2025

Kristin Runge, Village President

Attest:

Karla Endres, Village Clerk

[SEAL]

CERTIFICATION

I, Karla Endres, being first duly sworn, hereby certify that I am the duly qualified and acting Village Clerk of the Village of Waunakee, Dane County, Wisconsin (the "Village"), and as such I have in my possession, or have access to, the complete corporate records of the Village and of its Village Board; that I have carefully compared the transcript attached hereto with the aforesaid records; and that said transcript attached hereto is a true, correct and complete copy of all of the records in relation to the adoption of Resolution No. _____ (the "Resolution") entitled:

RESOLUTION AWARDDING THE SALE OF \$4,940,000
WATER AND ELECTRIC SYSTEM REVENUE BONDS, SERIES 2025A

I hereby further certify as follows:

1. Said Resolution was considered for adoption by the Village Board at a meeting held at Village Hall, 500 West Main Street, Waunakee, Wisconsin, at _____ p.m. on June 2, 2025. Said meeting was a _____ (*insert regular or special*) meeting of the Village Board and was held in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin Statutes.

2. Said Resolution was on the agenda for said meeting and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of said meeting in compliance with Section 19.84 of the Wisconsin Statutes, including, without limitation, by posting on the bulletin board in the Village Hall, by notice to those news media who have filed a written request for notice of meetings, and by notice to the official newspaper of the Village.

3. Said meeting was called to order by _____, who chaired the meeting. Upon roll I noted and recorded that the following trustees were present:

_____	_____
_____	_____
_____	_____
_____	_____

and that the following trustees were absent:

_____	_____
-------	-------

I noted and recorded that a quorum was present.

Various matters and business were taken up during the course of the meeting without intervention of any closed session. One of the matters taken up was said Resolution, which was introduced, and its adoption was moved by _____ and seconded by _____.

Following discussion and after all members of the Village Board who desired to do so had expressed their views for or against said Resolution, the question was called, and upon roll being called and the continued presence of a quorum being noted, the recorded vote was as follows:

NAY:

ABSTAINED:

Whereupon the meeting chair declared said Resolution adopted, and I so recorded it.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Village hereto as of the 2nd day of June, 2025.

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

[SEAL]

By: _____
Karla Endres, Village Clerk

EXHIBIT A

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF WISCONSIN
COUNTY OF DANE
VILLAGE OF WAUNAKEE

WATER AND ELECTRIC SYSTEM REVENUE BOND, SERIES 2025A

<u>Number</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Amount</u>	<u>CUSIP</u>
R-	%	May 1, 20__	June 18, 2025	\$	

KNOW ALL MEN BY THESE PRESENTS that the Village of Waunakee, Dane County, Wisconsin (the "Village"), hereby acknowledges itself to owe and for value received promises to pay to CEDE & CO., or registered assigns, solely from the fund hereinafter specified, the principal sum of _____ DOLLARS (\$_____) on the maturity date specified above together with interest thereon from June 18, 2025 or the most recent payment date to which interest has been paid, unless the date of registration of this Bond is after the 15th day (whether or not a business day) of the calendar month immediately preceding an interest payment date, in which case interest will be paid from such interest payment date, at the rate per annum specified above, such interest being payable on May 1 and November 1 of each year, commencing on May 1, 2026.

At the option of the Village, Bonds maturing on May 1, 2036 and thereafter are subject to call for prior redemption in whole or in part on May 1, 2035 or on any date thereafter, at a price of par plus accrued interest. The amounts and maturities of the Bonds to be redeemed shall be selected by the Village. If less than the entire principal amount of any maturity is to be redeemed, the Bonds of that maturity which are to be redeemed shall be selected by lot.

[Bonds maturing on May 1, 20__ and May 1, 20__, are also subject to partial mandatory redemption by lot as provided in the resolution authorizing the Bonds at the redemption price of par plus accrued interest to the date of redemption and without premium.]

Notice of any call of the Bonds for redemption shall be given by mailing of a notice thereof by registered or certified mail at least thirty (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.

Both principal and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America. The principal of this Bond shall be payable only upon presentation and surrender of this Bond at the office of Bond Trust Services Corporation, Roseville, Minnesota or a successor fiscal agent (the "Fiscal Agent"). Interest hereon shall be payable by check or draft dated as of the applicable interest payment date and mailed from the office of the Fiscal Agent to the person in whose name this Bond is registered at the close of business on the 15th day of the calendar month next preceding each interest payment date.

This Bond is transferable only upon the books of the Village kept for that purpose at the office of the Fiscal Agent, by the registered owner in person or by such registered owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or such registered owner's duly authorized attorney. Thereupon a new bond or bonds of the same aggregate principal amount, series and maturity shall be issued to the transferee in exchange therefor. The Village may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest hereof and for all other purposes. The Bonds are issuable solely as negotiable, fully-registered Bonds without coupons in authorized denominations of \$5,000 or any whole multiple thereof.

This Bond has been designated by the Village as a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

This Bond is one of an issue aggregating \$4,940,000, issued to raise funds for the purpose of paying certain utility project costs, including, but not limited to:

- (a) Construction, improvements, extensions and additions to the Village's water and electric utility system, a public utility; and
- (b) Professional and financing fees.

The Bonds are issued pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621 of the Wisconsin Statutes, acts supplementary thereto and a resolution adopted by the Village Board on June 2, 2025, and entitled: "Resolution Awarding the Sale of \$4,940,000 Water and Electric System Revenue Bonds, Series 2025A" and are payable only from the income and revenues derived from the operation of the water and electric system, which revenues have been set aside and pledged as a special fund for that purpose and identified as "Water and Electric System Revenue Bond and Interest Special Redemption Fund," created by a resolution adopted April 7, 1986, and continued by the Resolution referred to above. This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory debt limitation or provision.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law; and that sufficient of the income and revenue to be received by said Village from the operation of its Water and Electric System has been pledged to and will be set aside into a special fund for the payment of the principal of and interest on this Bond.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Village of Waunakee, Dane County, Wisconsin, has caused this Bond to be signed by its Village President and Village Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

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

(SEAL)

By: _____
Kristin Runge, Village President

By: _____
Karla Endres, Village Clerk

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name and address, including zip code, of Assignee)

(Please insert Social Security or other identifying number of Assignee)

the within Bond, and all rights thereunder, hereby irrevocably constituting and appointing _____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) guaranteed by:

EXHIBIT B

DEBT SERVICE SCHEDULE

[SEE ATTACHED]

EXHIBIT C

BID FORM

[SEE ATTACHED]

EXHIBIT D

NOTICE TO THE ELECTORS

On June 2, 2025, a resolution was offered, read, approved and adopted whereby the Village of Waunakee, Dane County, Wisconsin authorized the issuance and sale of its Water and Electric System Revenue Bonds, Series 2025A in an amount not to exceed \$4,940,000 (the “Bonds”). The closing of this bond sale was held on June 18, 2025. A copy of all proceedings had to date with respect to the authorization and sale of said Bonds is on file and may be examined in the office of the Village Clerk, 500 West Main Street, Waunakee, Wisconsin.

This notice is given pursuant to Section 893.77, Wisconsin Statutes, which provides that an action or proceeding to contest the validity of such financing, for other than constitutional reasons, must be commenced within 30 days after the date of publication of this notice.

Karla Endres, Village Clerk
Village of Waunakee, Dane County, Wisconsin

BID FORM

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

June 2, 2025

RE: **\$4,940,000* Water and Electric System Revenue Bonds, Series 2025A (the "Bonds")**
DATED: **June 18, 2025**

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 \$4,878,250) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038	_____ % due	2045
_____ % due	2032	_____ % due	2039		

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 \$98,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the 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 June 18, 2025.

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

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 18, 2025 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Village Board of the Village of Waunakee, Wisconsin, on June 2, 2025.

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