

FINAL OFFICIAL STATEMENT DATED APRIL 20, 2023

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Notes shall NOT be designated as "qualified tax-exempt obligations".

New Issue

Rating: Moody's Investors Service, Inc. "Aa2"

VILLAGE OF DEFOREST, WISCONSIN (Dane County)

\$12,475,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2023A

PURPOSE/AUTHORITY/SECURITY: The \$12,475,000 General Obligation Promissory Notes, Series 2023A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of DeForest, Wisconsin (the "Village"), for public purposes, including paying the cost of projects in the Village's Capital Improvement Plan, including the portion of the River Road project that will not ultimately be paid by a developer, and refunding certain obligations of the Village. The Notes are valid and binding general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: April 27, 2023

DATE OF DELIVERY: April 27, 2023

SERIAL MATURITIES: April 1 as follows:

				CUSIP					CUSIP
				Base					Base
<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>240297</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>240297</u>
2024	\$890,000	5.000%	2.850%	NC1	2029	\$1,335,000	5.000%	2.600%	NH0
2025	\$1,150,000	5.000%	2.700%	ND9	2030	\$1,375,000	4.500%	2.650%	NJ6
2026	\$1,195,000	5.000%	2.600%	NE7	2031	\$1,435,000	4.000%	2.750%*	NK3
2027	\$1,235,000	5.000%	2.600%	NF4	2032	\$1,265,000	4.000%	2.800%*	NL1
2028	\$1,285,000	5.000%	2.600%	NG2	2033	\$1,310,000	4.000%	2.850%*	NM9

*Priced to call

INTEREST: April 1, 2024 and semiannually thereafter.

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

PAYING AGENT: Associated Trust Company, National Association.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

The Notes are offered, subject to prior sale, when, as and if accepted by the Underwriter named below and subject to an opinion as to the validity and tax exemption by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and certain other conditions. Quarles & Brady LLP will also act as Disclosure Counsel to the Village. It is expected that delivery of the Notes will be made on or about April 27, 2023 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Notes. For information with respect to the Underwriter, see "Underwriting" herein.

BOK FINANCIAL SECURITIES, INC.

Milwaukee, Wisconsin

REPRESENTATIONS

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

This Official Statement is not to be construed as a contract with the Underwriter. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the Village with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Notes.

The Underwriter has reviewed the information in this Final Official Statement in accordance with, and as a part of, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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").

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter within seven business days following the proposal acceptance.

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

CLOSING CERTIFICATES

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

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VILLAGE OF DEFOREST VILLAGE BOARD

		<u>Term Expires</u>
Jane Cahill Wolfgram	Village President	April 2025
William Landgraf	Village Trustee	April 2024
Colleen Little	Village Trustee	April 2024
Jan Steffenhagen-Hahn	Village Trustee	April 2025
Jim Simpson	Village Trustee	April 2025
Brian Taylor	Village Trustee	April 2024
Rebecca Witherspoon	Village Trustee	April 2025

ADMINISTRATION

Bill Chang, Village Administrator
Carol Herwig, Finance Director
Callista Lundgren, Village Clerk

PROFESSIONAL SERVICES

Allen Reuter, Village Attorney, Madison, Wisconsin

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

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of DeForest, Wisconsin (the "Village") and the issuance of its \$12,475,000 General Obligation Promissory Notes, Series 2023A (the "Notes"). **The Village Board adopted a resolution on March 21, 2023 (the "Parameters Resolution") which authorized the Village Administrator or Finance Director to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. The parameters and conditions set forth in the Parameters Resolution were met through the competitive bids received on April 19, 2023 and a bid for the Notes was accepted.**

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 Final Official Statement is available at emma.msrb.org.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 27, 2023. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Final Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2024, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

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

The Village has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

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

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purposes, including paying the cost of projects in the Village's Capital Improvement Plan, including the portion of the River Road project that will not ultimately be paid by a developer, and refunding certain obligations of the Village as follows:

Issue Being Refunded	Date of Refunded Issue	Maturity Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded	CUSIP Base 240297
\$5,415,000 Note Anticipation Notes, Series 2018C (the "Series 2018C NAN")	5/29/18	5/1/23	N/A	2023	3.00%	<u>\$5,415,000</u>	KV2
Total Series 2018C NAN Being Refunded						<u>\$5,415,000</u>	

Issue Being Refunded	Date of Refunded Issue	Maturity Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded	CUSIP Base 240313
\$2,205,000 Water and Sewer System Revenue Bond Anticipation Notes, Series 2018E (the "Series 2018E RBAN")	5/29/18	5/1/23	N/A	2023	3.25%	<u>\$2,205,000</u>	ED4
Total Series 2018E RBAN Being Refunded						<u>\$2,205,000</u>	

Issue Being Refunded	Date of Refunded Issue	Maturity Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded	CUSIP Base 240313
\$1,275,000 Water and Sewer System Revenue Bond Anticipation Notes, Series 2018H (the "Series 2018H RBAN")	8/22/18	5/1/23	N/A	2023	3.375%	\$1,275,000	EP7
Total Series 2018H RBAN Being Refunded						<u>\$1,275,000</u>	

A portion of the proceeds of the Notes will be used to pay the maturities described above.

SOURCES AND USES

Sources

Par Amount of Notes	\$12,475,000	
Reoffering Premium	1,035,109	
Transfers from Prior Issue Debt Service Funds	138,572	
Transfer Deposit TID 9	27,375	
Estimated Interest Earnings	<u>63,155</u>	
Total Sources		\$13,739,211

Uses

Total Underwriter's Discount	\$68,299	
Costs of Issuance	113,200	
Deposit to Borrowed Money Fund	4,210,329	
Deposit to Current Refunding Fund	9,033,572	
Deposit to Debt Service Fund	310,457	
Rounding Amount	<u>3,354</u>	
Total Uses		\$13,739,211

SECURITY

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

RATING

The Village received a rating of "Aa2" on the Notes from Moody's Investors Service, Inc. ("Moody's"), and bidders were notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

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

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL MATTERS

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

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

TAX EXEMPTION

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

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement

income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

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

BOND PREMIUM

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

Any Premium Note 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 Note is calculated on a daily basis from the issue date of such Premium Note until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Note that has amortizable 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 Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, which permits financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("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.

UNDERWRITING

The Underwriter named on the cover page hereof (the "Underwriter") has agreed to purchase the Notes from the Village for a purchase price of \$13,441,810.13 plus accrued interest to the date of closing. The Underwriter will be obligated to purchase all such Notes if any such Notes are purchased. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the offering prices derived from the coupons and yields for each maturity set forth on the cover page.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2021 have been audited by Baker Tilly US, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

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

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

Village, the taxable value of property within the Village, and the ability of the Village to levy and collect property taxes.

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

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

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

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the Village and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the Village, including the duration of the outbreak and future measures taken to address the outbreak.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The Village's allocation was \$168,217. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half received in 2022. The Village's allocation was \$1,119,012.

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

2022 Equalized Value	\$1,828,925,000
2022 Equalized Value Reduced by Tax Increment Valuation	\$1,441,050,800
2022 Assessed Value	\$1,763,892,100

2022 EQUALIZED VALUE BY CLASSIFICATION

	2022 Equalized Value¹	Percent of Total Equalized Value
Residential	\$1,177,918,600	64.405%
Commercial	484,327,000	26.482%
Manufacturing	127,962,500	6.997%
Agricultural	442,800	0.024%
Undeveloped	258,400	0.014%
Ag Forest	183,000	0.010%
Forest	18,300	0.001%
Other	978,300	0.053%
Personal Property	<u>36,836,100</u>	<u>2.014%</u>
Total	<u><u>\$1,828,925,000</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2018	\$1,119,195,400	\$1,208,063,100	13.99%
2019	1,302,284,900	1,336,023,100	10.59%
2020	1,394,517,200	1,449,753,200	8.51%
2021	1,508,090,700	1,582,529,000	9.16%
2022	1,763,892,100	1,828,925,000	15.57%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2022 Equalized Value ¹	Percent of Village's Total Equalized Value
CAH Co DeForest LLC (Hooper)	Manufacturing	\$43,607,241	2.38%
Windsor Enterprises LLC	Distribution Center	41,359,261	2.26%
WI The Park Apartments LLC	Residential Apartments	34,380,684	1.88%
Walgreen Co ²	Retail/Distribution Center	29,519,341	1.61%
Store SPE Mills Fleet II 2017-7 LLC (Mills Fleet Farm)	Retail	27,285,670	1.49%
American Packaging Corporation	Distribution Center	22,830,873	1.25%
Sterling Office Industrial Properties LLC (Little Potato Company)	Distribution Center	15,755,040	0.86%
Heritage Credit Union	Financial Service	13,703,957	0.75%
American Girl Brands LLC	Retail	12,790,187	0.70%
Don Evans Inc	Manufacturing	<u>11,860,657</u>	<u>0.65%</u>
Total		\$253,092,911	13.84%
Village's Total 2022 Equalized Value ³		\$1,828,925,000	

Source: The Village.

¹ Calculated by dividing the 2022 Assessed Values by the 2022 Aggregate Ratio of assessment for the Village.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes and the Concurrent Obligations, as defined herein)	<u><u>\$54,690,000</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by water and sewer revenues	<u><u>\$4,100,000</u></u>
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DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The Village plans to issue its \$2,520,000 Taxable General Obligation Promissory Notes, Series 2023B (the “Concurrent Obligations”) concurrently with the Notes. In addition, the Village plans to borrow up to approximately \$3,000,000 for sewer system improvements, but the amount and timing of such borrowing is not yet known. Aside from the preceding, the Village has no current plans for additional financing in the next 12 months.

DEBT LIMIT

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

Equalized Value	\$1,828,925,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit ²	\$91,446,250
Less: General Obligation Debt	<u><u>(54,690,000)</u></u>
Unused Debt Limit	<u><u>\$36,756,250</u></u>

¹ Outstanding debt is as of the dated date of the Notes and excludes the obligations to be refunded by the Notes and the Concurrent Obligations.

² On December 7, 2020, the Village Board adopted a financial policy related to the Village’s debt limit. The policy provides that the Village’s outstanding general obligation debt will not exceed 80% of the statutory debt limit.

**Village of DeForest, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 04/27/2023)**

	Promissory Notes		Promissory Notes		Promissory Notes		Refunding Bonds		Promissory Notes	
	Series 2013A		Series 2014		Series 2015A		Series 2017A		Series 2017B	
	(2013 and 2014 CIP)		(2014 and 2015 CIP)		(2015 and 2016 CIP)		(Village Facilities)		(2016 and 2017 CIP)	
Dated Amount	09/05/2013	\$675,000	10/01/2014	\$3,475,000	09/29/2015	\$1,240,000	03/21/2017	\$4,800,000	03/21/2017	\$4,050,000
Maturity	06/01		10/01		09/01		03/01		03/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	85,000	1,275	725,000	26,463	125,000	4,922	0	58,188	0	31,125
2024			1,160,000	34,800	125,000	6,875	250,000	111,375	250,000	58,500
2025					125,000	3,438	300,000	100,375	250,000	51,000
2026							300,000	89,875	275,000	43,125
2027							250,000	81,625	1,200,000	19,500
2028							250,000	73,969		
2029							250,000	66,156		
2030							300,000	57,375		
2031							300,000	47,625		
2032							300,000	37,500		
2033							300,000	27,000		
2034							300,000	16,313		
2035							300,000	5,438		
	85,000	1,275	1,885,000	61,263	375,000	15,234	3,400,000	772,813	1,975,000	203,250

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Village of DeForest, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 04/27/2023)

	Refunding Bonds Series 2017C (TID No. 6)	Taxable Promissory Notes Series 2017D (TID No. 2 and TID No. 6)	Refunding Bonds Series 2017F (Village Facilities)	Refunding Bonds Series 2017G (TID No. 7)	Promissory Notes Series 2018A
Dated Amount	03/21/2017 \$2,125,000	03/21/2017 \$1,065,000	08/29/2017 \$2,450,000	08/29/2017 \$695,000	05/29/2018 \$5,900,000
Maturity	03/01	03/01	09/01	09/01	05/01
Calendar Year Ending					
2023	Principal 0	Principal 0	Principal 50,000	Principal 100,000	Principal 365,000
2024	Interest 32,656	Interest 13,263	Interest 34,984	Interest 5,800	Interest 142,125
2025	Principal 500,000	Principal 100,000	Principal 50,000	Principal 100,000	Principal 390,000
2026	Interest 57,813	Interest 24,900	Interest 68,969	Interest 9,100	Interest 130,800
2027	Principal 500,000	Principal 665,000	Principal 50,000	Principal 100,000	Principal 390,000
2028	Interest 42,813	Interest 11,638	Interest 67,969	Interest 6,600	Interest 117,150
2029	Principal 500,000	Principal 1,050,000	Principal 1,050,000	Principal 120,000	Principal 390,000
2030	Interest 27,813	Interest 34,969	Interest 34,969	Interest 3,600	Interest 101,550
2031	Principal 625,000	Principal 125,000	Principal 50,000	Principal 2,605,000	Principal 85,950
2032	Interest 10,156	Interest 32,969	Interest 32,969	Interest 25,100	Interest 39,075
2033	Principal 2,125,000	Principal 125,000	Principal 125,000	Principal 420,000	Principal 4,530,000
2034	Interest 171,250	Interest 49,800	Interest 408,828	Interest 6,250	Interest 616,650
2035	Principal 0	Principal 765,000	Principal 100,000	Principal 3,125	Principal 0

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Village of DeForest, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 04/27/2023)

Dated Amount	Taxable Promissory Notes Series 2018B		Taxable Refunding Bonds Series 2018F		Promissory Notes Series 2019A		Promissory Notes Series 2020A		Promissory Notes Series 2021A	
	05/29/2018 \$2,760,000	05/01	08/22/2018 \$7,700,000	05/01	05/01/2019 \$7,320,000	05/01	07/23/2020 \$4,360,000	05/01	07/08/2021 \$3,720,000	05/01
Maturity										
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	200,000	44,250	405,000	257,800	580,000	157,850	420,000	74,238	460,000	70,080
2024	450,000	8,438	530,000	239,100	605,000	146,000	335,000	60,813	465,000	56,205
2025			630,000	215,900	570,000	128,550	440,000	49,188	635,000	39,705
2026			405,000	195,200	595,000	108,225	420,000	36,288	410,000	26,080
2027			565,000	175,800	600,000	90,300	370,000	24,438	275,000	19,230
2028			655,000	151,400	1,535,000	58,275	370,000	17,038	305,000	13,430
2029			645,000	125,400	1,175,000	17,625	565,000	11,656	240,000	7,980
2030			750,000	97,500			650,000	4,063	240,000	4,260
2031			1,000,000	61,875					245,000	1,470
2032			1,000,000	20,625						
2033										
2034										
2035										
	650,000	52,688	6,585,000	1,540,600	5,660,000	706,825	3,570,000	277,719	3,275,000	238,440

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Village of DeForest, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 04/27/2023)

		Promissory Notes Series 2022A		Promissory Notes Series 2023A		Taxable Promissory Notes Series 2023B							
Dated Amount		06/22/2022 \$2,195,000		04/27/2023 \$12,475,000		04/27/2023 \$2,520,000							
Maturity		05/01		04/01		04/01							
Calendar Year Ending		Principal	Interest	Principal	Estimated Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023		215,000	108,849	0	0	0	0	3,730,000	1,063,867	4,793,867	50,960,000	6.82%	2023
2024		215,000	70,400	890,000	801,257	165,000	164,620	6,580,000	2,049,963	8,629,963	44,380,000	18.85%	2024
2025		215,000	61,800	1,150,000	503,525	250,000	103,688	6,270,000	1,503,336	7,773,336	38,110,000	30.32%	2025
2026		220,000	53,100	1,195,000	444,900	250,000	91,188	6,130,000	1,287,411	7,417,411	31,980,000	41.52%	2026
2027		220,000	44,300	1,235,000	384,150	250,000	78,688	6,030,000	1,049,105	7,079,105	25,950,000	52.55%	2027
2028		220,000	35,500	1,285,000	321,150	250,000	66,188	7,600,000	808,993	8,408,993	18,350,000	66.45%	2028
2029		220,000	26,700	1,335,000	255,650	250,000	54,500	4,805,000	593,636	5,398,636	13,545,000	75.23%	2029
2030		220,000	17,900	1,375,000	191,338	255,000	43,453	3,915,000	438,856	4,353,856	9,630,000	82.39%	2030
2031		225,000	10,125	1,435,000	131,700	265,000	32,013	3,595,000	302,776	3,897,776	6,035,000	88.97%	2031
2032		225,000	3,375	1,265,000	77,700	285,000	19,841	3,200,000	173,104	3,373,104	2,835,000	94.82%	2032
2033				1,310,000	26,200	300,000	6,750	2,035,000	70,106	2,105,106	800,000	98.54%	2033
2034								400,000	22,563	422,563	400,000	99.27%	2034
2035								400,000	8,563	408,563	0	100.00%	2035
		2,195,000	432,049	12,475,000	3,137,569	2,520,000	660,927	54,690,000	9,372,279	64,062,279			

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Sewer & Water System Mortgage Revenue Bonds Series 2012			Sewer & Water System Mortgage Revenue Bonds Series 2013			Sewer & Water System Mortgage Revenue Bonds Series 2018D			Sewer & Water System Mortgage Revenue Refunding Bonds Series 2018G			Sewer & Water System Mortgage Revenue Bonds Series 2019B		
Dated	07/17/2012	09/05/2013	05/29/2018	08/22/2018	05/01/2019	Amount	\$1,125,000	\$670,000	\$1,165,000	\$1,970,000	\$1,210,000	Maturity	05/01	05/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	100,000	15,600	75,000	1,172	115,000	24,175	130,000	73,750	110,000	29,050	530,000	143,747	3,570,000	12,93%
2024	100,000	12,250			115,000	20,725	220,000	67,400	110,000	24,650	545,000	125,025	3,025,000	26.22%
2025	100,000	8,750			115,000	16,700	235,000	58,300	110,000	20,250	560,000	104,000	2,465,000	39.88%
2026	100,000	5,250			120,000	12,000	250,000	48,600	110,000	15,850	580,000	81,700	1,885,000	54.02%
2027	100,000	1,750			120,000	7,200	265,000	38,300	110,000	12,000	595,000	59,250	1,290,000	68.54%
2028					120,000	2,400	380,000	25,400	110,000	8,700	610,000	36,500	680,000	83.41%
2029	500,000	43,600	75,000	1,172	705,000	83,200	445,000	8,900	235,000	3,525	680,000	12,425	0	100.00%
							1,925,000	320,650	895,000	114,025	4,100,000	562,647	4,662,647	

OVERLAPPING DEBT¹

Taxing District	2022 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Dane County	\$88,733,525,000	2.0611%	\$505,025,000	\$10,409,070
Deforest School District	4,078,115,085	44.8473%	133,498,000	59,870,249
Madison Area Technical College District ⁴	121,047,942,384	1.5109%	174,585,000	2,637,805
Madison Metropolitan Sewerage District	65,708,724,068	2.7806%	134,155,420	3,729,213
Village's Share of Total Overlapping Debt				<u>\$76,646,337</u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,828,925,000	Debt/ Per Capita 11,388 ⁵
Total General Obligation Debt	\$54,690,000	2.99%	\$4,802.42
Village's Share of Total Overlapping Debt	<u>76,646,337</u>	<u>4.19%</u>	<u>6,730.45</u>
Total	\$131,336,337	7.18%	\$11,532.87

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

² Includes tax increment valuation.

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

⁴ Includes the \$7,000,000 General Obligation Promissory Notes, Series 2022-23H anticipated to close May 2, 2023.

⁵ Estimated 2022 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
2018/19	\$7,436,383	100%	\$7.01
2019/20	7,714,676	100%	6.76
2020/21	8,071,326	100%	6.71
2021/22	8,447,924	100%	6.57
2022/23	8,741,047	In Process	6.07

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

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

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
2018/19	\$10.95	\$2.97	\$7.01	\$20.93
2019/20	12.53	2.90	6.76	22.19
2020/21	12.49	2.87	6.71	22.07
2021/22	11.53	2.95	6.57	21.05
2022/23	10.11	2.72	6.07	18.90

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

LEVY LIMITS

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

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

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

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

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

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

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

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

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

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

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1903 and is governed by a Village Board consisting of the Village President and six other Trustees. The Village President is a voting member. All Board members are elected to two-year terms. The appointed Village Administrator, Finance Director and Village Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 67 full-time, 82 part-time, and 20 seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the fiscal year ended December 31, 2020 ("Fiscal Year 2020") and the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$299,977, \$326,363 and \$344,936, respectively.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

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, 2020, the total pension liability of the WRS was calculated as \$118.72 billion and the fiduciary net position of the WRS was calculated as \$124.97 billion, resulting in a net pension asset of \$6.24 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2021, the Village reported an asset of \$1,738,472 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2020 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 0.02784613% of the aggregate WRS net pension asset as of December 31, 2020.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining unit represents employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association	December 31, 2024

OTHER POST EMPLOYMENT BENEFITS

The Village does not provide any other post employment benefits.

FUNDS ON HAND (as of March 31, 2023)

Fund	Total Cash and Investments
General	\$4,924,919
Library	26,023
Park Development	753,941
Fire Sinking Fund	179,149
Future Benefit Costs	384,277
Landscaping Fund	160,740
Community Senior Center	4,163
Fire Impact Fees	110,236
Promotions & Special Events	469,034
Federal & State Grants	1,096,690
General Debt Service	5,392,601
General Capital Projects	2,931,656
Development Capital Projects Fund	883,237
TIF #2	3,320,420
TIF #3	580,852
TIF #4	1,461,225
TIF #5 681,467	
TIF #6	1,254,251
TIF #7	1,320,325
TIF #8	2,692,008
TIF #9	1,528,341
Water Operating & Impact Fees Reserve	3,104,406
Sewer Operating	2,068,049
Stormwater Utility	<u>613,219</u>
 Total Funds on Hand	 <u><u>\$35,941,229</u></u>

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

ENTERPRISE FUNDS

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

	2020	2021	2022 Unaudited
Water			
Total Operating Revenues	\$1,879,014	\$2,005,473	\$2,011,208
Less: Operating Expenses	<u>(1,258,732)</u>	<u>(1,348,371)</u>	<u>(1,464,266)</u>
Operating Income	\$620,282	\$657,102	\$546,942
Plus: Depreciation	573,973	599,476	627,921
Interest Income	<u>68,856</u>	<u>44,409</u>	<u>57,460</u>
Revenues Available for Debt Service	<u><u>\$1,263,111</u></u>	<u><u>\$1,300,987</u></u>	<u><u>\$1,232,323</u></u>
Sewer			
Total Operating Revenues	\$2,443,782	\$2,759,761	\$2,663,126
Less: Operating Expenses	<u>(2,308,704)</u>	<u>(2,497,494)</u>	<u>(2,684,671)</u>
Operating Income	\$135,078	\$262,267	(\$21,545)
Plus: Depreciation	344,569	366,967	387,976
Interest Income	<u>81,256</u>	<u>69,392</u>	<u>80,612</u>
Revenues Available for Debt Service	<u><u>\$560,903</u></u>	<u><u>\$698,626</u></u>	<u><u>\$447,043</u></u>
Stormwater			
Total Operating Revenues	\$842,411	\$931,695	\$1,000,506
Less: Operating Expenses	<u>(847,322)</u>	<u>(846,720)</u>	<u>(945,122)</u>
Operating Income	(\$4,911)	\$84,975	\$55,384
Plus: Depreciation	260,540	300,719	337,587
Interest Income	<u>1,400</u>	<u>(437)</u>	<u>2,439</u>
Revenues Available for Debt Service	<u><u>\$257,029</u></u>	<u><u>\$385,257</u></u>	<u><u>\$395,410</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the Village's 2021 audited financial statements.

COMBINED STATEMENT					
	2019 Audited	2020 Audited	2021 Audited	2022 Unaudited	2023 Adopted Budget 1)
Revenues					
Taxes	\$4,887,294	\$5,088,684	\$5,311,345	\$5,565,802	\$6,011,622
Intergovernmental	1,213,160	1,417,646	1,300,473	1,377,692	1,387,527
Licenses and permits	401,678	364,638	389,804	333,209	306,400
Fines, forfeitures and penalties	121,553	111,270	117,491	141,515	120,000
Public charges for services	195,935	92,261	186,766	238,951	221,090
Intergovernmental charges for services	212,321	221,100	215,309	211,301	207,719
Investment income	120,295	73,176	(13,000)	19,039	10,000
Miscellaneous	148,146	107,421	117,133	128,275	90,420
Total Revenues	\$7,300,382	\$7,476,196	\$7,625,321	\$8,015,785	\$8,354,778
Expenditures					
Current:					
General government	\$930,691	\$984,427	\$1,256,859	\$1,055,370	\$1,283,562
Public safety	3,042,179	3,248,692	3,421,592	3,493,609	3,724,458
Public works	1,342,715	1,289,822	1,318,452	1,382,058	1,475,725
Leisure activities	1,460,191	1,462,733	1,594,867	1,668,347	2,011,313
Conservation and development	297,464	278,198	292,080	313,363	288,720
Total Expenditures	\$7,073,240	\$7,263,872	\$7,883,850	\$7,912,747	\$8,783,778
Excess of revenues over (under) expenditures	\$227,142	\$212,324	(\$258,529)	\$103,037	(\$429,000)
Other Financing Sources (Uses)					
Sale of assets	\$4,010	\$16,326	\$14,785	\$2,537	\$5,000
Transfers in	405,607	413,829	411,670	386,724	424,000
Transfers out	(500,582)	(377,489)	(30,739)	(434,298)	0
Total Other Financing Sources (Uses)	(\$90,965)	\$52,666	\$395,716	(\$45,037)	\$429,000
Net changes in Fund	\$136,177	\$264,990	\$137,187	\$58,000	\$0
General Fund Balance January 1	\$1,914,484	\$2,050,661	\$2,315,651	\$2,452,838	
General Fund Balance December 31	\$2,050,661	\$2,315,651	\$2,452,838	\$2,510,838	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$17,391	\$23,983	\$20,603	\$11,263	
Committed	321,692	300,542	274,542	299,922	
Unassigned	1,711,578	1,991,126	2,157,693	2,199,653	
Total	\$2,050,661	\$2,315,651	\$2,452,838	\$2,510,838	

1) The 2023 budget was adopted on December 6, 2022.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 10,811 and a current estimated population of 11,388 comprises an area of 8.714 square miles and is located approximately 16 miles northeast of Madison, Wisconsin and is part of the Madison Metropolitan Statistical Area.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Walgreens Company	Retail/distribution center	1,200
DeForest Area School District	Elementary and secondary education	596
Bell Laboratories	Agricultural, chemical manufacturing	551
Clack Corporation	Machinery manufacturing	411
Evco Plastics	Plastic and rubber product manufacturer	395
Fleet Farm	Retail	220
Hooper Corporation	Electrical & mechanical contractor	200
Sonoco Metal Packaging ²	Manufacturer of sustainable metal packaging for food and household products	175
ABS Global	Bovine genetics and related animal care products	175
The Village	Municipal government and services	169

Source: *Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, the Wisconsin Department of Workforce Development, Village of DeForest Community Development, and Dun & Bradstreet*

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

² Sonoco acquired Ball Metalpack in January 2022.

BUILDING PERMITS

	2019	2020	2021	2022	2023 ¹
<u>New Single Family Homes</u>					
No. of building permits	64	42	49	9	4
Valuation	\$19,084,946	\$14,731,892	\$17,148,103	\$4,897,051	\$1,330,000
<u>New Multiple Family Buildings</u>					
No. of building permits	19	11	6	12	2
Valuation	\$4,726,529	\$6,616,401	\$3,938,676	\$12,906,446	\$1,258,824
<u>New Commercial/Industrial</u>					
No. of building permits	7	4	0	11	1
Valuation	\$41,344,640	\$26,500,000	\$0	\$31,135,000	\$1,500,000
<u>All Building Permits</u> (including additions and remodelings)					
No. of building permits	538	585	226	646	77
Valuation	\$87,448,725	\$140,403,115	\$39,293,245	\$71,092,516	\$6,443,815

Source: The Village.

¹ As of March 15, 2023.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census	8,936
2020 U.S. Census	10,811
Percent of Change 2010 - 2020	20.98%
2022 Estimated Population	11,388

Income and Age Statistics

	The Village	Dane County	State of Wisconsin	United States
2021 per capita income	\$36,948	\$44,746	\$36,754	\$37,638
2021 median household income	\$88,664	\$78,452	\$67,080	\$69,021
2021 median family income	\$102,540	\$106,739	\$85,623	\$85,028
2021 median gross rent	\$1,119	\$1,179	\$916	\$1,163
2021 median value owner occupied units	\$250,100	\$294,500	\$200,400	\$244,900
2021 median age	36.5 yrs.	35.4 yrs.	39.6 yrs.	38.4 yrs.

	State of Wisconsin	United States
Village % of 2021 per capita income	100.53%	98.17%
Village % of 2021 median family income	119.76%	120.60%

Housing Statistics

	<u>The Village</u>		
	2020	2021	Percent of Change
All Housing Units	4,294	4,169	-2.91%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Dane County	Dane County	State of Wisconsin
2018	313,959	2.2%	3.0%
2019	318,339	2.3%	3.2%
2020	308,816	4.8%	6.4%
2021	322,279 ¹	2.8% ¹	3.8%
2022 ¹	322,472	2.2%	2.9%
2023, January	318,289 ¹	1.9% ¹	2.7%

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

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

Village of DeForest

Financial Statements and
Supplementary Information

December 31, 2021

Village of DeForest

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Independent Auditors' Report

To the Village Board of
Village of DeForest

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of DeForest (the Village), Wisconsin, as of and for the year ended December 31, 2021 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village as of December 31, 2021 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.

We did not audit the financial statements of the DeForest Area Fire Protection District or the DeForest Area Community and Senior Center, which represent 3 percent and 6 percent, respectively, of the assets and net position of the governmental activities as of December 31, 2021. Those statements were audited by other auditors, whose report has been furnished to us and our opinions, insofar as it relates to the amounts included for the DeForest Area Fire Protection District or the DeForest Area Community and Senior Center are based solely on the report of the other auditors.

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 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.

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.

Village of DeForest

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

As management of the Village of DeForest, we offer readers of the Village of DeForest's financial statements this narrative overview and analysis of the financial activities of the Village of DeForest for the fiscal year ended December 31, 2021.

The Financial Highlights

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

- The assets and deferred outflows of resources of the Village of DeForest exceeded its liabilities and deferred inflows of resources as of December 31, 2021, by \$95,631,142 (net position). Total net position includes all infrastructure of the governmental funds.
- The Village of DeForest's total net position increased by \$18,355,919.
- As of December 31, 2021, the Village of DeForest's governmental funds reported combined ending fund balances of \$14,189,612 an increase of \$2,733,580 in comparison with the prior year. Approximately 53 percent of the combined fund balance total or \$6,229,491 is available for spending at the government's discretion (unrestricted fund balance).
- As of December 31, 2021, the unassigned fund balance for the general fund was \$2,157,693 or approximately 27 percent of total general fund expenditures.
- The Village of DeForest's total long-term debt decreased by \$915,000 during 2021.

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

Madison, Wisconsin
May 24, 2022

Village of DeForest

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of DeForest's basic financial statements. These basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Village of DeForest that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of DeForest include general government, public safety, public works, leisure and conservation and development. The business-type activities of the Village of DeForest include the DeForest Water, Sewer and Stormwater Utilities.

The government-wide financial statements also include the Community Development Authority as a component unit, which is a separate legal entity for which the Village of DeForest is financially accountable. The Community Development Authority (CDA) financial statements have been presented as a discrete column in the financial statements.

Fund Financial Statements

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

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

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

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Village of DeForest

Management's Discussion and Analysis
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The Village of DeForest maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Development and TID Capital Projects Fund and Other Capital Projects Fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report.

The Village of DeForest adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Stormwater, which are considered to be major funds of the Village of DeForest.

Custodial Funds - Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of DeForest's programs. The custodial fund maintained by the Village of DeForest is the Tax Collection Fund, which records the tax roll and tax collections for other taxing jurisdictions within the Village of DeForest.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget and the schedules of proportionate share of the net pension liability and employer contributions for the Wisconsin Retirement System.

The combining statements referred to earlier in connection with nonmajor governmental funds and other information related to the individual funds, are presented immediately following the required supplementary information.

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Village of DeForest

Management's Discussion and Analysis

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(Unaudited)

Government-Wide Financial Analysis

An analysis of the Village's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the Village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of DeForest, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,631,142 at the close of 2021.

Infrastructure assets of the governmental activities are included within this report. The general capital assets (e.g., land, buildings, machinery, infrastructure and equipment) of the governmental activities of the Village of DeForest less outstanding debt equals \$38,874,459. The majority of the outstanding debt of the governmental activities funds was incurred for the installation of infrastructure and facilities.

By far the largest portion of the Village of DeForest's net position reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, equipment, infrastructure and construction in progress), less any related debt used to acquire those assets that is still outstanding. The Village of DeForest uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of DeForest's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of DeForest Net Position					
	Governmental Activities		Business-type Activities		Totals
	2021	2020	2021	2020	
Current and other assets	\$ 35,149,655	\$ 30,198,428	\$ 7,627,850	\$ 8,231,676	\$ 42,777,505
Restricted assets	1,509,728	762,970	1,802,497	1,728,169	3,312,225
Capital assets	70,347,691	65,161,968	55,028,611	48,483,085	126,377,302
Total Assets	107,007,074	96,123,366	65,459,958	58,442,930	172,467,032
Pension related amounts	2,495,704	1,780,721	407,597	301,430	2,903,271
Total Deferred Outflows of Resources	2,495,704	1,780,721	407,597	301,430	2,903,271
Long-term liabilities	48,070,839	48,891,578	10,434,765	10,716,663	58,505,604
Other liabilities	1,500,608	1,188,175	1,162,465	2,376,209	2,723,073
Total Liabilities	49,631,447	50,079,753	11,597,230	13,092,872	61,228,677
Unearned revenues	14,699,822	13,528,126	-	-	14,699,822
Pension related amounts	3,285,204	2,296,598	525,668	375,872	3,810,862
Total Deferred Inflows of Resources	17,984,826	15,824,724	525,668	375,872	18,510,484
Net Position	38,874,459	33,236,821	45,417,535	37,792,393	82,386,474
Net investment in capital assets	7,344,640	4,716,556	1,571,813	1,318,878	8,916,453
Restricted	(4,332,594)	(6,003,772)	6,755,289	6,164,345	4,328,215
Unrestricted (deficit)					3,403,975
Total Net Position	\$ 41,886,505	\$ 31,999,607	\$ 53,744,637	\$ 45,275,616	\$ 95,631,142

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Village of DeForest

Management's Discussion and Analysis

December 31, 2021

(Unaudited)

Village of DeForest Changes in Net Position

A portion of the Village of DeForest's net position, in the amount of \$8,916,453, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position is \$4,328,215. The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by the debt of the governmental activities column. The amount is a reduction of net investment in capital assets and an increase in unrestricted net position, shown only in the total column. See Note 1 for additional information.

The Village's net position increased \$18,355,919 during the year, mainly due to significant capital grants and contributions related to developer-funded capital projects. Governmental type activities increased by \$9,886,898 and business type activities increased by \$8,469,021. The following table provides a summary of the Village's operations for the year ended December 31, 2021.

	Governmental Activities		Business-type Activities		Totals
	2021	2020	2021	2020	
Revenues					
Program Revenues					
Charges for services	\$ 984,575	\$ 779,812	\$ 5,686,929	\$ 5,105,207	\$ 6,681,504
Operating grants and contributions	1,432,829	1,563,985	-	-	1,432,829
Capital grants and contributions	6,690,148	648,692	8,197,546	726,473	14,887,694
General Revenues					
Property taxes	13,525,127	12,045,182	-	-	13,525,127
Other taxes	102,307	93,847	-	-	102,307
Other general revenues	2,158,199	1,415,043	177,485	187,218	2,335,684
Total Revenues	24,893,185	16,546,361	14,071,960	6,078,698	38,965,145
Expenses					
General government	1,560,056	1,095,618	-	-	1,560,056
Public safety	3,192,177	3,928,657	-	-	3,192,177
Public works	4,159,216	5,633,368	-	-	4,159,216
Leisure activities	2,004,612	2,286,493	-	-	2,004,612
Conservation and development	1,916,609	1,864,576	-	-	1,916,609
Interest on long-term debt	1,529,287	1,592,897	-	-	1,529,287
Water	-	-	2,099,948	1,392,596	2,099,948
Sewer	-	-	2,651,258	2,441,763	2,651,258
Stormwater	-	-	896,063	896,261	896,063
Total Expenses	14,861,957	16,401,589	5,647,269	4,730,620	20,609,226
Increase in net position before transfers	9,931,228	145,382	8,424,691	1,348,278	18,355,919
Transfers	(44,330)	421,029	44,330	(421,029)	-
Change in net position	9,886,898	566,391	8,469,021	927,249	18,355,919
Net Position - Beginning of Year	31,999,607	31,433,216	45,275,616	44,348,367	77,275,223
Net Position - End of Year	\$ 41,886,505	\$ 31,999,607	\$ 53,744,637	\$ 45,275,616	\$ 95,631,142

Governmental Activities

Public works and public safety activities account for approximately 28 percent and 21 percent, respectively, of the total expenditures within the governmental activities of the Village of DeForest. Leisure activities and conservation and development activities account for approximately 18 percent and 13 percent respectively, of the total expenditures for 2021. Interest expense accounted for 10 percent of government activities expenses for 2021. The remaining 10 percent pertains to general government services.

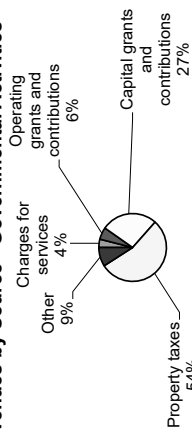
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Village of DeForest

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(Unaudited)

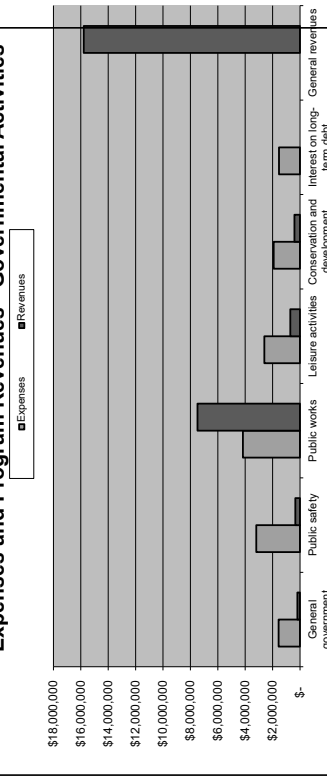
As identified below, property taxes are the largest revenue source for governmental activities accounting for approximately 54 percent of total revenues. Charges for services, operating grants and contributions, and capital grants and contributions provided approximately 4 percent, 6 percent and 27 percent of total revenues, respectively.

Revenues by Source - Governmental Activities



As shown by the following graphs and identified by the Statement of Activities on page 2, property taxes and other revenues provide the major revenue sources for governmental activities.

Expenses and Program Revenues - Governmental Activities



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Village of DeForest

Management's Discussion and Analysis
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(Unaudited)

Business-Type Activities

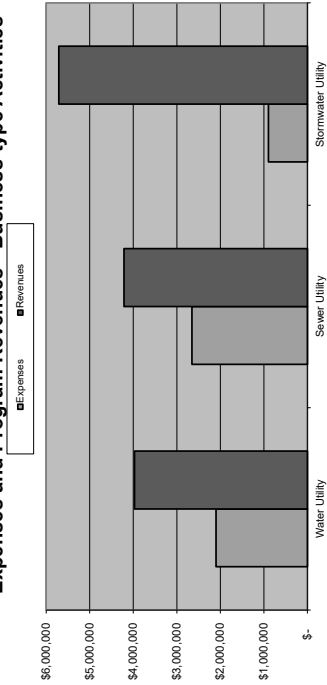
The following graph compares the charges for services to the operating expenses of each utility.

The current water rates were approved by the PSCW and placed into effect on January 1, 2021.

The current sewer rate was designed to be consistent with Madison Metropolitan Sewerage District's (MMSD) rate structure. The sewer rate is designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, be consistent with MMSD requirements and meet debt coverage requirements. The sewer rates in effect for the fiscal year of 2021 were approved by the Village board and went into effect on January 1, 2021.

The Village of DeForest set up a Stormwater Utility in 2005. The rates in effect for the fiscal year of 2020 were approved by the Village board and went into effect on January 1, 2020.

Expenses and Program Revenues - Business-type Activities

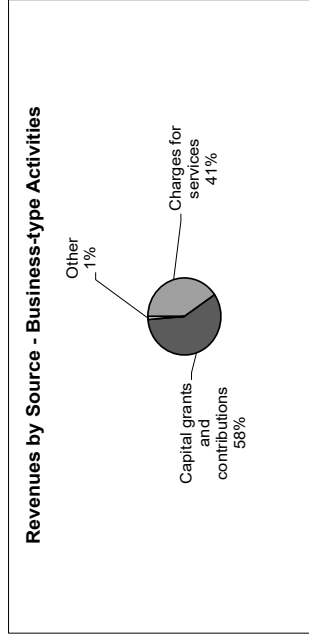


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As shown on the following chart, the revenues of the Utilities include capital grants and contributions and charges for services (operating revenues) as well as investment income. Capital grants and contributions, the largest portion of revenues, consist of capital contributions received from developer-funded capital projects. Capital grants and contributions and investment income revenues are not identified specifically to an individual program, but to the fund as a whole.



Financial Analysis of the Governmental Funds

As noted earlier, the Village of DeForest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of December 31, 2021, the Village of DeForest's governmental funds reported combined ending fund balances of \$14,169,612, an increase of \$2,733,580 in comparison with the prior year. Approximately 44 percent of the fund balance total or \$6,229,491, constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable of \$20,603, restricted of \$7,939,518, or committed of \$2,298,690 to indicate that it is not available for new spending because it has already been used or restricted for prepaid items and noncurrent receivables, debt service, development and TID projects and impact fees, library purposes or grants, or committed to specific activities as approved by the Village board.

The General Fund is the chief operating fund of the Village of DeForest. As of December 31, 2021, the total fund balance of the general fund was \$2,452,838, of which \$2,432,235 was unrestricted. This unrestricted fund balance represents approximately 31 percent of total general fund expenditures. In fiscal year 2021, the fund balance of the general fund increased by \$137,187. The Village had amended the budget for a decrease of \$26,000 in General Fund balance during 2021. Actual expenditures and other financial uses were more than amended budgeted expenditures by \$17,846. Actual revenues and other financing sources were more than amended budgeted revenues in the general fund by \$181,033 or 2 percent.

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Village of DeForest

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The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term principal, interest and related costs, other than for TID or enterprise debt. The fund balance of \$2,945,414 was an increase of \$318,280 from \$2,627,134.

Development and TID Capital Projects Fund accounts for financial resources that are restricted to expenditures for development activities or projects outlined in the various TID project plans. Fund balance increased from \$768,880 to \$3,367,986, an increase of \$2,599,106. This increase is due to a debt issuance in the current year and an increase in tax increment revenue.

Capital Projects Fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance changed from \$3,459,977 to \$3,049,045, a decrease of \$410,932. This decrease is due to spend down from previous borrowings for capital projects.

Proprietary Funds

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

Unrestricted net position of the Water, Sewer and Stormwater Utilities at the end of the year amounted to \$2,705,753, \$3,819,817 and \$229,689, respectively. The total change in net position for the Water, Sewer and Stormwater Utilities was \$1,986,046, \$1,653,401 and \$4,829,574, respectively, all mainly due to significant capital contributions from developer-funded capital projects. During 2021, the water utility abandoned Well #5, and recorded a loss on impairment of \$597,193. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Village of DeForest's business-type activities.

General Fund Budgetary Highlights

The only change between the original budget and the final amended budget can be summarized as follows:

- \$25,000 increase in public safety expenses.

As identified earlier, actual revenues and other sources were more than amended budgeted revenues by \$181,033. Actual expenditures and other financial sources were more than amended budgeted expenditures by \$17,846.

The Village has a policy in place to maintain unassigned fund balance at 15 percent-17 percent of the subsequent year's expenditures for funds that rely primarily on property tax revenues excluding debt service funds. The Village of DeForest's unassigned general fund balance is currently at 24.8 percent of the subsequent year's expenditures per the original budget.

Capital Asset and Debt Administration

Capital Assets

The Village of DeForest's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$126,377,302, net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, equipment, infrastructure and construction in progress. The total increase in the Village of DeForest's investment in capital assets for the current fiscal year was a total of approximately \$5,185,723 net of depreciation or a 5 percent increase.

The major capital asset events that occurred during the year included developer contributed street and utility construction.

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Village of DeForest

Management's Discussion and Analysis
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(Unaudited)

VILLAGE OF DEFOREST'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land and right of way	\$ 8,967,346	\$ 8,561,146	\$ 6,401,627	\$ 3,771,871	\$ 15,368,973	\$ 12,333,017
Buildings	24,698,714	24,104,828	2,057,125	1,621,551	26,755,839	25,816,379
Improvements other than buildings	4,295,807	4,148,444	-	-	4,295,807	4,148,444
Equipment	2,168,659	2,069,484	2,511,907	2,609,820	4,680,566	4,679,304
Library collection	2,222,082	2,168,532	-	-	2,222,082	2,168,532
Infrastructure	50,969,559	44,696,902	59,239,720	52,675,431	110,209,279	97,372,333
Construction in progress	226,897	94,498	2,745	1,125,685	229,642	1,220,183
Total capital assets	93,569,064	85,933,834	70,213,124	61,804,356	163,782,188	147,738,192
Less accumulated depreciation	(23,221,373)	(20,771,866)	(14,183,513)	(13,321,273)	(37,404,886)	(34,093,139)
Capital Assets, Net of Depreciation	\$ 70,347,691	\$ 65,161,968	\$ 56,029,611	\$ 48,483,085	\$ 126,377,302	\$ 113,645,053

Long-Term Debt

At the end of the current fiscal year, the Village of DeForest has total general obligation debt outstanding of \$43,519,966 entirely backed by the full faith and credit of the government, \$5,415,000 of note anticipation notes, \$3,480,000 of bond anticipation notes, and \$4,615,000 of revenue bonds outstanding. During 2021, the Village and utilities issued a combined \$3,720,000 of general obligation debt for capital related items.

During 2021, the Village of DeForest was rated an Aa2 rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of DeForest is \$79,126,450, which exceeds the Village of DeForest's current outstanding general obligation debt. As of December 31, 2021, the Village of DeForest's outstanding debt equaled 55 percent of the state authorized debt limit.

VILLAGE OF DEFOREST'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds and notes	\$ 41,071,731	\$ 41,788,274	\$ 2,448,235	\$ 2,171,691	\$ 43,519,966	\$ 43,939,965
Revenue bonds	-	-	4,615,000	5,110,000	4,615,000	5,110,000
Bond/note anticipation notes	5,415,000	5,415,000	3,480,000	3,480,000	8,895,000	8,895,000
Totals	\$ 46,486,731	\$ 47,183,274	\$ 10,543,235	\$ 10,761,691	\$ 57,029,966	\$ 57,944,965

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Village of DeForest

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Economic Factors and Next Year's Budgets and Rates

The federal government passed the American Rescue Plan Act on March 11, 2020 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. Village of DeForest's award is \$1,119,012, which will be used to combat the negative effects of the public health emergency in the local economy. The Village of DeForest received 50 percent of the funds in 2021 with the remaining funds received in 2022. The funds are to cover costs incurred by December 31, 2024.

All other currently known facts have been considered in the preparation of the subsequent year's budget.

Requests for Information

This financial report is designed to provide a general overview of the Village of DeForest's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Finance Director, 120 S. Stevenson Street, DeForest, WI 53532.

General information relating to the Village of DeForest, Wisconsin, can be found at the Village's website, <http://www.vi.deforest.wi.us>.

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Village of DeForest

Statement of Net Position
December 31, 2021

Assets and Deferred Outflows of Resources

Assets	Governmental Activities	Business-Type Activities	Total	Community Development Authority
Cash and investments	\$ 18,318,609	\$ 3,597,782	\$ 21,916,391	\$ 2,705,970
Receivables (net):				
Taxes	14,709,252	-	14,709,252	-
Delinquent personal property taxes	168	-	168	-
Accounts	196,609	529,774	726,383	4,380
Special assessments	411,015	-	411,015	-
Accrued interest	5,756	-	5,756	-
Due from other governments	359,882	-	359,882	35,723
Internal balances	(3,480,294)	3,480,294	-	-
Inventories and prepaid items	1,587	20,000	21,587	29,298
Restricted assets:				
Cash and investments	-	1,573,753	1,573,753	10,529
Net pension asset	1,509,728	228,744	1,738,472	-
Investment in joint venture	2,690,939	-	2,690,939	-
Land held for resale	1,936,132	-	1,936,132	-
Capital assets:				
Land	8,987,346	6,401,627	15,388,973	274,590
Construction in progress	226,897	2,745	229,642	-
Other capital assets	84,354,821	63,808,752	148,163,573	8,675,671
Less accumulated depreciation	(23,221,373)	(14,183,513)	(37,404,886)	(5,761,473)
Total assets	107,007,074	65,459,958	172,467,032	5,974,688

Deferred Outflows of Resources

Pension related amounts	2,495,704	407,567	2,903,271	-
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Liabilities, Deferred Inflows of Resources and Net Position

Liabilities	Governmental Activities	Business-Type Activities	Total	Community Development Authority
Accounts payable	365,153	510,090	875,243	46,865
Accrued liabilities and deposits	642,162	54,478	696,640	14,236
Due to other governments	-	-	-	86,715
Unearned revenues	553,293	35,584	588,877	-
Liabilities payable from restricted assets:				
Current portion of revenue bonds	-	515,000	515,000	-
Accrued interest	-	47,313	47,313	-
Noncurrent liabilities:				
Due within one year	3,741,471	473,235	4,214,706	730
Due in more than one year	44,329,368	9,961,530	54,290,898	6,782,167
Total liabilities	49,631,447	11,597,230	61,228,677	6,930,713
Deferred Inflows of Resources				
Unearned revenues	14,699,622	-	14,699,622	-
Pension related amounts	3,285,204	525,658	3,810,862	-
Total deferred inflows of resources	17,984,826	525,658	18,510,484	-

See notes to financial statements

Village of DeForest

Statement of Net Position
December 31, 2021

Net Position	Governmental Activities	Business-Type Activities	Total	Community Development Authority
Net investment in capital assets	\$ 38,874,459	\$ 45,417,535	\$ 82,386,474	\$ 3,188,788
Restricted for:				
Debt service	2,608,093	1,051,519	3,659,612	-
Pension	1,509,728	228,744	1,738,472	-
TIF projects	1,368,199	-	1,368,199	-
Developer fees	946,151	-	946,151	-
Contributions	477,092	-	477,092	-
Impact fees	435,377	291,550	726,927	-
Unrestricted (deficit)	(4,332,594)	6,755,289	4,328,215	(4,144,813)
Total net position (deficit)	\$ 41,886,505	\$ 53,744,637	\$ 95,631,142	\$ (956,025)

See notes to financial statements

Village of DeForest

Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Debt Service Fund	Development and TID Capital Projects Fund	Other Capital Projects Fund
Assets				
Cash and investments	\$ 2,481,506	\$ 2,945,414	\$ 6,852,410	\$ 3,076,715
Receivables:				
Taxes	5,483,057	2,543,293	6,245,045	-
Delinquent personal property taxes	168	-	-	-
Accounts	138,511	-	-	56,174
Special assessments	952	-	410,063	-
Accrued interest	5,756	-	-	-
Due from other governments	353,158	-	-	-
Prepaid items	1,587	-	-	-
Advances to other funds	-	-	80,000	-
Total assets	\$ 8,464,695	\$ 5,488,707	\$ 13,587,518	\$ 3,132,889
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 233,804	\$ -	\$ 12,044	\$ 83,844
Accrued liabilities	267,476	-	-	-
Deposits	29,236	-	-	-
Due to other funds	7,914	-	3,552,380	-
Advances from other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	538,430	-	3,564,424	83,844
Deferred Inflows of Resources				
Unearned revenues	5,473,427	2,543,293	6,245,045	-
Unavailable revenues	-	-	410,063	-
Total deferred inflows of resources	5,473,427	2,543,293	6,655,108	-
Fund Balances (Deficit)				
Nonspendable	20,603	-	-	-
Restricted	-	2,945,414	2,488,930	1,581,905
Committed	274,542	-	879,056	-
Assigned	-	-	-	1,467,140
Unassigned (deficit)	2,157,693	-	-	-
Total fund balances	2,452,838	2,945,414	3,367,986	3,049,045
Total liabilities, deferred inflows of resources and fund balances	\$ 8,464,695	\$ 5,488,707	\$ 13,587,518	\$ 3,132,889

Village of DeForest Statement of Activities Year Ended December 31, 2021									
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Business-Type Activities	Total	Community Development Authority
		Charges for Services	Operating Revenues	Capital Grants and Contributions	Governmental Activities	Governmental Activities			
Governmental activities:									
General government	\$ 1,580,095	\$ 60,741	\$ 124,945	\$ -	\$ (1,374,370)	\$ -	-	(1,374,370)	\$ -
Police	2,152,725	2,152,725	863,773	6,606,629	8,912,127	8,912,127	-	8,912,127	-
Public works	4,159,216	2,311	863,773	-	3,319,497	-	-	3,319,497	-
Leisure activities	2,604,612	305,597	312,446	83,519	(1,905,060)	-	-	(1,905,060)	-
Conservation and	1,916,609	405,199	-	-	(1,511,410)	-	-	(1,511,410)	-
Interest and fiscal charges	1,520,887	-	-	-	(1,520,887)	-	-	(1,520,887)	-
Total governmental activities	14,961,957	984,575	1,432,820	6,690,148	(5,854,405)	-	-	(5,854,405)	-
Business-type activities:									
Water utility	2,099,948	2,005,473	-	1,966,633	-	1,872,158	-	1,872,158	-
Sewer utility	2,651,258	2,759,761	-	1,452,660	-	1,961,069	-	1,961,069	-
Stormwater utility	856,653	831,685	-	4,778,547	-	4,815,893	-	4,815,893	-
Total business-type activities	5,607,859	5,696,929	-	8,197,846	-	8,247,206	-	8,247,206	-
A - 1 Total	\$ 20,569,816	\$ 6,681,504	\$ 1,432,820	\$ 14,897,994	\$ (5,854,405)	\$ 8,247,206	-	\$ 2,392,801	-
Component Unit	\$ 909,939	\$ 502,135	\$ -	\$ 30,560	\$ -	\$ -	-	\$ (377,214)	-
General Revenues									
Property taxes, levied for:									
General purposes					5,616,312	-	-	5,616,312	-
Police taxes, levied for police service					2,462,915	-	-	2,462,915	-
Property taxes, levied for TIF districts					5,465,900	-	-	5,465,900	-
Other taxes					102,307	-	-	102,307	-
Intergovernmental revenues not restricted to specific programs					994,098	-	-	994,098	-
Net charge of investments in joint investment income					699,827	-	-	699,827	-
Miscellaneous					10,426	-	-	10,426	-
Total general revenues					15,758,633	-	-	15,758,633	-
Transfers					(44,330)	-	-	(44,330)	-
Change in net position					9,866,898	-	-	9,866,898	-
Net Position (Deficit) Beginning					31,993,602	-	-	31,993,602	-
Net Position (Deficit), Ending					\$ 41,860,505	-	-	\$ 41,860,505	-

See notes to financial statements

See notes to financial statements

Village of DeForest

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2021

Total Fund Balances, Governmental Funds \$ 14,189,612

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.

Land	8,987,346
Construction in progress	226,897
Other capital assets	84,354,821
Less accumulated depreciation	(23,221,373)

Land held for resale is not a financial resource and, therefore, is not reported in the funds.

1,936,132

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.

410,063

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

1,509,728

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

2,495,704

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

(3,285,204)

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

2,690,939

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	(41,071,731)
Compensated absences	(594,045)
Accrued interest	(337,321)
Claims and settlements	(14,720)
Premium in debt issued	(975,343)
Note anticipation notes	(54,150,000)

Net Position of Governmental Activities

\$ 41,886,505

Nonmajor Governmental Funds	Total
\$ 2,962,564	\$ 18,318,609
437,857	14,709,252
1,924	168
-	196,609
-	411,015
-	5,756
6,724	359,882
-	1,587
-	80,000
<u>\$ 3,409,069</u>	<u>\$ 34,082,878</u>

\$ 35,461	\$ 365,153
-	267,476
8,129	37,365
-	7,914
-	3,552,380
<u>553,293</u>	<u>553,293</u>
596,883	4,783,581
437,857	14,699,622
-	410,063
<u>437,857</u>	<u>15,109,685</u>
-	20,603
923,269	7,939,518
1,145,092	2,298,690
305,968	1,773,108
-	2,157,693
<u>2,374,329</u>	<u>14,189,612</u>
<u>\$ 3,409,069</u>	<u>\$ 34,082,878</u>

Village of DeForest

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	General Fund	Debt Service Fund	Development and TID Capital Projects Fund	Other Capital Projects Fund
Revenues				
Taxes	\$ 5,311,345	\$ 2,452,915	\$ 5,455,900	\$ -
Intergovernmental	1,300,473	202,678	357,099	75,000
Licenses and permits	389,804	-	-	-
Fines, forfeitures and penalties	117,491	-	-	-
Public charges for services	186,766	-	-	-
Intergovernmental charges for services	215,309	-	-	-
Special assessments	-	-	38,749	-
Investment income (loss)	(13,000)	-	(593)	(2,535)
Miscellaneous	117,133	50,000	47,645	186,581
Total revenues	7,625,321	2,705,593	5,898,800	259,046
Expenditures				
Current:				
General government	1,256,859	-	-	-
Public safety	3,421,592	-	-	-
Public works	1,318,452	-	-	-
Leisure activities	1,594,867	-	-	-
Conservation and development	292,080	-	1,590,785	-
Capital outlay	-	-	461,123	2,264,139
Debt service:				
Principal	-	1,886,543	1,835,000	-
Interest and fiscal charges	-	615,851	1,008,153	37,382
Total expenditures	7,883,850	2,502,394	4,895,061	2,301,521
Excess (deficiency) of revenues over expenditures	(258,529)	203,199	1,003,739	(2,042,475)
Other Financing Sources (Uses)				
Long-term debt issued	-	-	1,500,000	1,525,000
Premium on debt issued	-	65,081	95,367	11,594
Sale of assets	14,785	-	-	-
Transfers in	411,670	50,000	-	94,949
Transfers out	(30,739)	-	-	-
Total other financing sources (uses)	395,716	115,081	1,595,367	1,631,543
Net change in fund balances	137,187	318,280	2,599,106	(410,932)
Fund Balances, Beginning	2,315,651	2,627,134	768,880	3,459,977
Fund Balances, Ending	\$ 2,452,838	\$ 2,945,414	\$ 3,367,986	\$ 3,049,045

See notes to financial statements

	Nonmajor Governmental Funds	Total
\$	407,274	\$ 13,627,434
	91,817	2,027,067
	-	389,804
	-	117,491
	292,965	479,731
	229,557	444,866
	-	38,749
	26,554	10,426
	183,738	585,097
	1,231,905	17,720,665
	248,622	1,505,481
	126,952	3,548,544
	-	1,318,452
	537,294	2,132,161
	49,607	1,932,472
	61,281	2,786,543
	-	3,721,543
	-	1,661,386
	1,023,756	18,606,582
	208,149	(885,917)
	-	3,025,000
	-	172,042
	-	14,785
	30,739	587,358
	(148,949)	(179,688)
	(118,210)	3,619,497
	89,939	2,733,580
	2,284,390	11,456,032
\$	2,374,329	\$ 14,189,612

See notes to financial statements

Village of DeForest

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds

\$ 2,733,580

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
Some items reported as capital outlay were not capitalized
Depreciation is reported in the government-wide financial statements
Net book value of assets retired

2,786,543
(1,317,474)
(2,749,103)
(62,740)

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

6,528,497

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.

(36,435)

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

Debt issued
Principal repaid

(3,025,000)
3,721,543

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.

Premium on debt issued
Amortization of debt premium

(172,042)
121,569

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
Claims and settlements
Accrued interest on debt
Net pension asset/liability
Deferred outflows of resources related to pensions
Deferred inflows of resources related to pensions

167,992
6,677
10,529
746,758
714,983
(988,606)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

699,627

Change in Net Position of Governmental Activities

\$ 9,886,898

See notes to financial statements
9

Village of DeForest

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds							
	Stormwater			Total				
	Water Utility	Sewer Utility	Utility					
Assets								
Current assets:								
Cash and investments	\$	1,414,929	\$	1,837,393	\$	345,460	\$	3,597,782
Restricted assets:								
Redemption account		250,984		138,863		22,707		412,554
Accounts		128,583		167,277		81,534		377,394
Other accounts receivable		4,610		147,770		-		152,380
Due from other funds		2,644		4,737		533		7,914
Inventory		20,000		-		-		20,000
Current portion of advance		72,381		-		-		72,381
Total current assets		1,894,131		2,296,040		450,234		4,640,405

Deferred Outflows of Resources

Pension related amounts	144,292	144,396	118,879	407,567
Total deferred outflows of resources	144,292	144,396	118,879	407,567

See notes to financial statements
10

Statement of Net Position
Proprietary Funds
December 31, 2021

See notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2021

See notes to financial statements
12

Village of DeForest

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
Cash Flows From Operating Activities			
Received from customers	\$ 2,039,092	\$ 2,774,253	\$ 942,508
Paid to suppliers for goods and services	(419,900)	(1,790,205)	(320,607)
Paid to employees for services	(306,456)	(312,062)	(257,751)
	<u>1,312,736</u>	<u>671,986</u>	<u>364,150</u>
Net cash flows from operating activities			<u>2,348,872</u>
Cash Flows From Investing Activities			
Investment income	44,409	69,392	-
	<u>44,409</u>	<u>69,392</u>	<u>-</u>
Net cash flows from investing activities			<u>113,801</u>
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	(407,670)	-	-
	<u>(407,670)</u>	<u>-</u>	<u>(407,670)</u>
Net cash flows from noncapital financing activities			<u>(407,670)</u>
Cash Flows From Capital and Related Financing Activities			
Debt retired	(428,131)	(265,325)	(220,000)
Interest paid	(155,343)	(154,460)	(50,224)
Capital related TID advance received (paid)	72,383	-	(10,000)
Debt premium received, net of issuance costs	4,508	4,043	7,584
Impact and connection fees received	129,500	77,900	-
Debt issued	200,000	180,000	315,000
Acquisition and construction of capital assets	(1,637,969)	(220,297)	(411,756)
Paid for loss on impairment	(37,918)	-	-
	<u>(1,852,970)</u>	<u>(378,139)</u>	<u>(369,396)</u>
Net cash flows from capital and related financing activities			<u>(2,600,505)</u>
Net change in cash and cash equivalents	(903,495)	363,239	(5,246)
Cash and Cash Equivalents, Beginning	<u>3,556,940</u>	<u>1,662,363</u>	<u>497,734</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,653,445</u>	<u>\$ 2,025,602</u>	<u>\$ 492,488</u>

See notes to financial statements
13

Village of DeForest

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
Cash Flows From Operating Activities			
Operating income	\$ 657,102	\$ 262,267	\$ 84,975
Nonoperating revenue	-	-	11,221
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	599,476	366,967	300,719
Depreciation charged to other funds	31,682	-	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:			
Customer accounts receivable	3,848	(817)	(2,107)
Other accounts receivable	1,051	9,302	-
Due from other funds	5,857	6,007	1,699
Accounts payable	51,888	57,477	(2,002)
Other current liabilities	(7,969)	(7,832)	(6,429)
Accrued compensated absences	(487)	(568)	(7,113)
Pension related deferrals and liabilities	(20,893)	(20,817)	(17,868)
Customer deposits	(8,819)	-	-
	<u>1,312,736</u>	<u>671,986</u>	<u>364,150</u>
Net cash flows from operating activities			<u>2,348,872</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds			
Unrestricted cash and investments	\$ 1,414,929	\$ 1,837,393	\$ 345,460
Restricted cash and investments:			
Redemption account	250,984	138,863	22,707
Reserve account	686,278	-	-
Construction account	9,704	49,346	124,321
Impact fee account	291,550	-	-
	<u>2,653,445</u>	<u>2,025,602</u>	<u>492,488</u>
Cash and cash equivalents			<u>5,171,535</u>
Noncash Capital and Related Financing Activities			
Developer financed additions to utility plant	\$ 1,837,133	\$ 1,374,666	\$ 4,778,347
Municipality financed additions to utility plant	<u>452,000</u>	<u>-</u>	<u>-</u>
Loss on impairment	<u>559,275</u>	<u>-</u>	<u>-</u>

See notes to financial statements
14

Village of DeForest
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

Assets	
Cash and investments	
Property taxes receivable	
Total assets	
Liabilities	
Due to other governments	
Total liabilities	
Net Position	
Total net position	

Custodial Fund
<u>Tax Roll Fund</u>
\$ 14,637,672
3,976,267
18,613,939
18,613,939
18,613,939
-

Village of DeForest
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2021

Additions	
Property taxes collected for other governments	
Total additions	
Deductions	
Property taxes distributed to other governments	
Total deductions	
Change in fiduciary net position	
Net Position, Beginning	
Net Position, Ending	

Custodial Fund
<u>Tax Roll Fund</u>
\$ 13,773,740
13,773,740
13,773,740
-
-
-

Village of DeForest

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December 31, 2021

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Village of DeForest

Notes to Financial Statements
December 31, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the Village of DeForest, 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 unit. 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 primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Community Development Authority (CDA) of the Village of DeForest

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 Board. 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. See Note 3. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2021. Separately issued financial statements of the Community Development Authority may be obtained from the CDA's office.

Village of DeForest

Notes to Financial Statements
December 31, 2021

Government-Wide and Fund Financial Statements

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2021.

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:

- 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 percent of the corresponding total for all funds of that category or type and
- The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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- 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 expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

Development and TID Capital Projects Fund is used to account for and report financial resources that are restricted to expenditures for development activities or projects outlined in the various TID project plans.

Other Capital Projects 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.

Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer utility accounts for operations of the sewer system

Stormwater utility accounts for operations of the stormwater system

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

Library Gift Fund	Pass-Thru Grants Fund
Park Development Fund	Public Safety Impact Fees Fund
Fire Sinking Fund	Urban Forestry Fund
Future Benefit Costs Fund	Promotions and Special Events Fund
Community and Senior Center Fund	American Rescue Plan Act (ARPA) Fund
Outsourced Services Fund	

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In addition, the Village reports the following fund type:

Custodial Fund

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

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and stormwater 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 90 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

Village of DeForest

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

Proprietary and Fiduciary Funds

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and stormwater 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:

- 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, 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.
- 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.

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Notes to Financial Statements
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- g. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions. The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Credit risk
Custodial credit risk
Interest rate risk
Concentration of credit risk

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The Madison Community Foundation (the Foundation) is a community endowment fund. The Foundation is not registered with the Securities and Exchange Commission. It constitutes a contractual agreement between the Village and the Foundation with respect to investment of Village assets. The Foundation reports the fair value of its underlying assets annually. At December 31, 2021, the fair value of the Foundation's assets was substantially equal to the Village's share as reported in Note 3.

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 state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale, 2021 delinquent real estate taxes	October 2024

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Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and stormwater 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.

Inventories and Prepaid Items

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

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

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 Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 general capital assets and \$25,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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Notes to Financial Statements
December 31, 2021

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

Buildings	50 Years
Land Improvements	20 Years
Machinery and Equipment	3-20 Years
Utility System	4-100 Years
Infrastructure	50 Years
Library Collection	15 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.

Other Assets

In the government-wide financial statements, land held for resale is recorded as an asset at historical cost. In the governmental funds, the cost of the land purchase is recognized as an expenditure in the current period. The Village purchased land held for resale during 2010 and 2016 for the development of a business park.

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.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021, 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.

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Notes to Financial Statements
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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.

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:

- Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation 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.
- 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.
- Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

	Governmental Activities	Business-Type Activities	Adjustment	Total
Net investment in capital assets Unrestricted	\$ 38,874,459 (4,332,594)	\$ 45,417,535 6,755,289	\$ (1,905,520) 1,905,520	\$ 82,386,474 4,328,215

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

Fund Statements

Governmental fund balances are displayed as follows:

- 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.
- 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.

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Notes to Financial Statements
December 31, 2021

- 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. Fund balance may be assigned through the following: 1) Village board or management identification 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted or committed. 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 a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 15 - 17 percent of the subsequent year's expenditures for funds that receive over 50 percent of their revenue from property taxes excluding debt service funds. The unassigned general fund balance at year end was at 24.8 percent of the subsequent year's expenditures.

See Note 3 for further information.

Pension

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

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and went into effect on January 1, 2021.

Sewer Utility

Current sewer rates were approved by the Village board and went into effect on January 1, 2021.

Stormwater Utility

Current stormwater rates were approved by the village board and went into effect on January 1, 2020.

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Village of DeForest

Notes to Financial Statements
December 31, 2021

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the all funds except Outsourced Services Fund and ARPA Fund. Both funds were created in 2021. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Excess Expenditures and Other Financing Uses Over Budget

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Library gift	\$	15,375	\$ 21,033
Park development		57,865	\$ 87,154
Future benefit costs		103,000	145,019
Pass-thru grants		63,000	130,422
			88,061

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

Limitations on the Village's Tax Levy

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

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 23,871,317	\$ 18,802,773	Custodial credit risk
Madison Community Foundation	177,986	177,986	Interest rate risk, credit risk
U.S. treasuries	5,970,445	5,970,445	Custodial credit risk,
LGIP	8,106,833	8,106,833	Interest rate risk
Petty cash	1,235	-	Credit risk
			N/A
Total deposits and investments	\$ 38,127,816	\$ 33,058,037	

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Notes to Financial Statements
December 31, 2021

Reconciliation to financial statements

Per statement of net position:	
Unrestricted cash and investments	\$ 21,916,391
Restricted cash and investments	1,573,753
Per statement of net position, fiduciary fund	
Cash and Investments	<u>14,637,672</u>
Total deposits and investments	<u>\$ 38,127,816</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 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:

- Market approach - prices or other information from market transactions involving identical or similar assets

Investment Type	December 31, 2021			Total
	Level 1	Level 2	Level 3	
U.S. treasuries, Village	\$ 5,970,445	\$ -	\$ -	\$ 5,970,445
Total	<u>\$ 5,970,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,970,445</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.

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 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

U.S. Treasuries that were neither insured nor registered and held by a counterparty at year-end in the amount of \$5,970,445.

Village of DeForest

Notes to Financial Statements
December 31, 2021

Credit Risk

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

The Village held investments in the following external pools which are not rated:

Wisconsin Local Government Investment Pool
Madison Community Foundation

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, 2021, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-5	6-10
U.S. treasuries	\$ 5,970,445	\$ -	\$ 5,970,445	\$ -
Total	<u>\$ 5,970,445</u>	<u>\$ -</u>	<u>\$ 5,970,445</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 \$1,120 in the General Fund and \$410,063 in the Development and TID Capital Projects Fund.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 14,697,121	\$ -
Park rental not yet earned	2,501	-
Grant received not yet earned	553,293	-
Special assessments not yet due	-	410,063
Total unearned/unavailable revenue for governmental funds	<u>\$ 15,252,915</u>	<u>\$ 410,063</u>
Unearned revenue included in liabilities	\$ 553,293	
Unearned revenue included in deferred inflows	<u>14,699,622</u>	
Total unearned revenue for governmental funds	<u>\$ 15,252,915</u>	

Village of DeForestNotes to Financial Statements
December 31, 2021**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.**Construction** - Used to report proceeds of revenue bond issuances that are restricted for use in construction.**Impact Fee Account**

The Water Utility has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Net Pension Asset

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

Following is a list of restricted assets at December 31, 2021 for Business-type activities:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 412,554	\$ 47,313	\$ 365,241
Bond reserve account	686,278	-	686,278
Water impact fee account	291,550	-	291,550
Construction account	183,371	-	n/a
Net pension asset	228,744	-	228,744
Total	\$ 1,802,497	\$ 47,313	\$ 1,571,813

Village of DeForestNotes to Financial Statements
December 31, 2021**Capital Assets**

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,083,554	\$ 47,200	\$ -	\$ 4,140,754
Right of way	4,467,592	379,000	-	4,846,592
Construction in progress	94,498	226,149	93,750	226,897
Total capital assets not being depreciated	8,655,644	652,349	93,750	9,214,243
Capital assets being depreciated:				
Land improvements	4,148,444	147,363	-	4,295,807
Buildings	24,194,828	503,886	-	24,698,714
Machinery, equipment and vehicles	1,786,529	183,003	122,256	1,847,276
Streets	35,397,470	5,594,417	117,832	40,874,055
Sidewalks	3,181,514	339,777	-	3,501,291
Library collection	2,188,532	121,798	68,248	2,222,082
Trails, boardwalk and pedestrian	3,972,668	456,295	-	4,428,963
Technology	282,955	92,428	54,000	321,383
Bridges	2,165,250	-	-	2,165,250
Total capital assets being depreciated	77,278,190	7,438,967	362,336	84,354,821
Total capital assets	85,933,834	8,091,316	466,086	93,569,064
Less accumulated depreciation for:				
Land improvements	(340,848)	(130,133)	-	(470,981)
Buildings	(5,428,156)	(571,261)	-	(5,999,417)
Machinery, equipment and vehicles	(972,968)	(182,782)	59,516	(1,096,234)
Streets	(10,391,461)	(1,362,455)	117,832	(11,636,084)
Sidewalks	(927,195)	(116,709)	-	(1,043,904)
Library collection	(1,171,563)	(144,567)	68,248	(1,247,882)
Trails, boardwalk and pedestrian	(1,021,049)	(177,159)	-	(1,198,208)
Technology	(168,958)	(35,167)	54,000	(150,125)
Bridges	(349,668)	(28,870)	-	(378,538)
Total accumulated depreciation	(20,771,866)	(2,749,103)	299,596	(23,221,373)
Net capital assets being depreciated	56,506,324	4,689,864	62,740	61,133,448
Total governmental activities capital assets, net of accumulated depreciation	\$ 65,161,968	\$ 5,342,213	\$ 156,490	\$ 70,347,691

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 95,615
Public safety	204,942
Public works, which includes the depreciation of infrastructure	1,705,882
Leisure activities, which includes the depreciation of infrastructure	734,501
Conservation and development	8,163

Total governmental activities depreciation expense

\$ 2,749,103

Village of DeForest

Notes to Financial Statements
December 31, 2021

Business-Type Activities

Capital assets not being depreciated:

Land

Construction in progress

Total capital assets not being depreciated

Capital assets being depreciated:

Buildings

Machinery and equipment

Water utility

Sewer utility

Stormwater utility

Total capital assets being depreciated

Total capital assets

Less accumulated depreciation for:

Water utility

Sewer utility

Stormwater utility

Total accumulated depreciation

Net capital assets being depreciated

Business-type capital assets, net of accumulated depreciation

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water

Sewer

Stormwater

Total business-type activities depreciation expense

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

Village of DeForest

Notes to Financial Statements
December 31, 2021

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water utility	General fund	\$ 2,644
Sewer utility	General fund	4,737
Stormwater utility	General fund	533
Total, fund financial statements		7,914
Add interfund advances		3,472,380
Total internal balances, government-wide statement of net position		<u>\$ 3,480,294</u>

All amounts are due within one year.

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

Advances

The water and sewer utilities are advancing funds to the Development and TID capital projects fund. The amount advanced is determined by the capital contribution for well project costs and other construction costs for each TIF district. In 2019, the Development and TID capital projects fund advanced \$100,000 to the Stormwater utility to pay off the remaining balance in the Stormwater utility of the 2010 General Obligation Refunding Bonds.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Water utility	Development and TID capital projects fund	\$ 1,382,380	\$ 1,310,000
Sewer utility	Development and TID capital projects fund	2,170,000	2,170,000
Development and TID capital projects fund	Stormwater utility	80,000	70,000
Total, fund financial statements		3,632,380	
Less government-wide eliminations		(160,000)	
Total, interfund advances		<u>\$ 3,472,380</u>	

Village of DeForest

Notes to Financial Statements
December 31, 2021

In 2017, the water utility had an advance outstanding to the Development and TID capital projects fund in the amount of \$361,905. The amount outstanding from this advance as of December 31, 2021 was \$72,381.

During 2018, the water utility advanced an additional \$1,310,000 to the Development and TID capital projects fund and the sewer utility advanced \$2,170,000. Cash from the utility bond anticipation notes taken out during 2018 was used to make these additional advances. Below is the repayment schedule for the advance from the water utility and from the sewer utility:

Years	Water Utility		Sewer Utility	
	Principal	Interest	Principal	Interest
2022	\$ 72,381	\$ 36,617	\$ -	\$ 87,544
2023	1,310,000	20,616	2,170,000	51,946
Total	<u>\$ 1,382,381</u>	<u>\$ 57,233</u>	<u>\$ 2,170,000</u>	<u>\$ 139,490</u>

Below is the repayment schedule of the advance from the Development and TID capital projects fund to the stormwater utility:

Years	Principal	Interest
2022	\$ 10,000	\$ 4,000
2023	10,000	3,500
2024	10,000	3,000
2025	10,000	2,500
2026	10,000	2,000
2027-2029	30,000	3,000
Total	<u>\$ 80,000</u>	<u>\$ 18,000</u>

Village of DeForest

Notes to Financial Statements
December 31, 2021

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 407,670	Tax equivalent
General fund	Library gift fund	4,000	Book purchases and building needs
Debt Service fund	Fire sinking fund	50,000	Future debt service
Other capital projects fund	Public safety impact fees fund	42,749	Public safety improvements
Other capital projects fund	Park development fund	52,200	Park development
Library gift fund	General fund	2,817	Future library costs
Future benefit costs fund	General fund	27,922	Expected and unexpected benefit costs
Subtotal		587,358	
Less fund eliminations		(179,688)	
Less capital contributions from governmental activities to business-type activities		<u>(452,000)</u>	
Total transfers, government-wide statement of activities		<u>\$ (44,330)</u>	

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt:					
General obligation notes from direct borrowings and direct placements	\$ 41,068,274	\$ 3,025,000	\$ 3,021,543	\$ 41,071,731	\$ 3,611,765
Note anticipation notes	700,000	-	700,000	-	-
Premium on debt	5,415,000	-	-	5,415,000	-
	924,870	172,042	121,569	975,343	-
Total bonds and notes payable	48,108,144	3,197,042	3,843,112	47,462,074	3,611,765
Other liabilities:					
Vested compensated absences	762,037	44,407	212,399	594,045	122,583
Claims and settlements	21,397	-	6,677	14,720	7,123
Total other liabilities	783,434	44,407	219,076	608,765	129,706
Total governmental activities long-term liabilities	<u>\$ 48,891,578</u>	<u>\$ 3,241,449</u>	<u>\$ 4,062,188</u>	<u>\$ 48,070,839</u>	<u>\$ 3,741,471</u>

Village of DeForest

Notes to Financial Statements
December 31, 2021

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,171,691	\$ 695,000	\$ 418,456	\$ 2,448,235	\$ 473,235
Revenue bonds	5,110,000	-	495,000	4,615,000	515,000
Bond anticipation notes	3,480,000	-	-	3,480,000	-
Premium on debt	288,540	33,746	70,074	252,212	-
Total bonds and notes payable	11,050,231	728,746	983,530	10,795,447	988,235
Other liabilities:					
Vested compensated absences	161,431	87,100	94,213	154,318	-
Total other liabilities	161,431	87,100	94,213	154,318	-
Total business-type activities long-term liabilities	\$ 11,211,662	\$ 815,846	\$ 1,077,743	\$ 10,949,765	\$ 988,235

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2021, was \$79,126,450. Total general obligation debt outstanding at year end was \$43,519,966.

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. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2021
Refunding bonds	07/01/08	06/01/22	3.25-5.26%	\$ 1,675,000	\$ 161,730
Promissory note	07/17/12	12/01/22	1.25-2.20%	1,800,000	150,000
Promissory note	09/05/13	06/01/23	2.00-4.00%	675,000	170,000
Promissory note	05/06/14	10/01/24	2.00-3.00%	2,630,000	1,930,000
General obligation notes	09/29/15	09/01/25	2.00-2.75%	1,040,000	420,000
Refunding bonds	03/21/17	09/01/35	2.00-4.00%	4,800,000	3,900,000
General obligation notes	03/21/17	09/01/27	1.00-4.00%	3,950,000	2,540,000
Taxable refunding notes	03/21/17	09/01/27	3.00-3.25%	2,125,000	2,125,000
Refunding bonds	03/21/17	09/01/25	2.50-3.50%	1,065,000	965,000
Refunding bonds	08/29/17	09/01/35	2.00-4.00%	2,450,000	2,250,000
Refunding bonds	08/29/17	09/01/26	2.00-3.00%	695,000	520,000
General obligation notes	05/29/18	11/01/28	3.00-4.00%	5,450,000	4,580,000
General obligation notes	05/29/18	11/01/24	3.75-4.00%	2,760,000	2,085,000
Refunding bonds	08/22/19	01/01/33	4.00-4.13%	7,700,000	6,965,000
General obligation notes	05/01/19	05/01/29	0.05-3.00%	6,685,000	5,720,000
General obligation notes	07/23/20	05/01/30	1.25-4.00%	3,815,000	3,565,000
General obligation notes	05/01/21	05/01/31	1.10-3.00%	3,025,000	3,025,000
Total governmental activities, general obligation debt					\$ 41,071,730

Village of DeForest

Notes to Financial Statements
December 31, 2021

Business-Type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2021
Refunding bonds	07/01/08	06/01/22	3.25-5.255%	\$ 325,000	\$ 38,235
Promissory note	07/17/12	12/01/22	1.25-2.2%	250,000	25,000
Promissory note	05/06/14	10/01/24	2.00-3.00%	845,000	300,000
Promissory note	09/29/15	09/01/25	2.00-2.75%	200,000	80,000
General obligation notes	03/21/17	09/01/27	1.00-4.00%	100,000	60,000
General obligation notes	05/29/18	11/01/28	3.00-4.00%	450,000	315,000
General obligation notes	05/01/19	05/01/29	0.05-3.00%	635,000	515,000
General obligation notes	07/23/20	05/01/30	1.25-4.00%	545,000	420,000
General obligation notes	07/08/21	05/01/31	1.10-3.00%	695,000	695,000
Total business-type activities, general obligation debt					\$ 2,448,235

Debt service requirements to maturity are as follows:

Years	General Obligation Debt		General Obligation Debt	
	Principal	Interest	Principal	Interest
2022	\$ 3,611,730	\$ 1,274,215	\$ 473,235	\$ 66,313
2023	5,035,000	1,125,036	415,000	48,755
2024	4,970,000	975,582	340,000	38,105
2025	4,390,000	806,970	265,000	27,355
2026	4,240,000	678,818	225,000	19,405
2027-2031	16,175,000	1,471,236	730,000	28,783
2032-2035	2,650,000	140,468	-	-
Total	\$ 41,071,730	\$ 6,472,325	\$ 2,448,235	\$ 228,716

Revenue Debt

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

The water and sewer utilities has pledged future utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2011-2019. Proceeds from the bonds provided financing for the plant construction capital projects. The bonds are payable solely from water and sewer revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require 30.80 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,338,438. Principal and interest paid for the current year and total customer net revenues were \$5,438,437 and \$2,207,013, respectively.

Village of DeForest

Notes to Financial Statements
December 31, 2021

Revenue debt payable at December 31, 2021, consists of the following:

Business-Type Activities Revenue Debt

Water Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2021
Mortgage revenue bonds	09/21/11	11/01/22	2.00-3.00%	\$ 1,050,000	\$ 100,000
Mortgage revenue bonds	07/07/12	11/01/27	2.00-3.50%	575,000	306,667
Mortgage revenue bonds	09/05/13	05/01/23	2.00-3.10%	270,000	60,448
Mortgage revenue bonds	05/29/18	11/01/28	3.00-4.00%	915,000	645,000
Mortgage revenue bonds	08/22/18	11/01/29	2.50-4.00%	940,000	925,000
Mortgage revenue bonds	05/01/19	05/01/29	3.00-4.00%	705,000	595,000
Total water utility					2,632,115
Sewer Utility					
Mortgage revenue bonds	07/07/12	11/01/27	2.00-3.50%	550,000	293,333
Mortgage revenue bonds	09/05/13	05/01/23	2.00-3.10%	400,000	89,552
Mortgage revenue bonds	05/29/18	11/01/28	3.00-4.00%	250,000	175,000
Mortgage revenue bonds	08/22/18	01/01/29	2.50-4.00%	1,030,000	1,020,000
Mortgage revenue bonds	05/01/19	05/01/29	3.00-4.00%	505,000	405,000
Total sewer utility					1,982,885
Total business-type activities, revenue debt					\$ 4,615,000

Debt service requirements to maturity are as follows:

Years	Business-Type Activities Revenue Debt Principal	Interest
2022	\$ 515,000	\$ 160,791
2023	530,000	143,747
2024	545,000	125,025
2025	560,000	104,000
2026	580,000	81,700
2027-2029	1,885,000	108,175
Total	\$ 4,615,000	\$ 723,438

Village of DeForest

Notes to Financial Statements
December 31, 2021

Debt service requirements to maturity are as follows:

Business-Type Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2021
Bond anticipation notes	05/29/18	05/01/23	3.25%	\$ 2,205,000	\$ 2,205,000
Bond anticipation notes	08/22/18	11/01/23	3.38%	1,275,000	1,275,000
Total business-type activities bond anticipation notes					\$ 3,480,000
Debt service requirements to maturity are as follows:					
Business-Type Activities Bond Anticipation Notes Principal					
2022				\$ -	\$ 114,694
2023				3,480,000	57,347
Total				\$ 3,480,000	\$ 172,041

Other Bonds or Notes or Loans Payable

Note anticipation notes are payable from future general obligation note proceeds.

Note anticipation notes at December 31, 2021 consist of the following:

Governmental Activities Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2021
Note anticipation notes	05/29/18	11/01/23	3.0%	\$ 5,415,000	\$ 5,415,000
Total governmental activities other bonds or notes or loans payable					\$ 5,415,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities Other Bonds or Notes or Loans Payable Principal	Interest
2022	\$ -	\$ 162,450
2023	5,415,000	81,225
Total	\$ 5,415,000	\$ 243,675

Village of DeForest

Notes to Financial Statements
December 31, 2021

Other Debt Information

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

A statutory mortgage lien upon the utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Bond Covenant Disclosures

The water and sewer utilities are in compliance with bond funding requirements.

Insurance

See Note 4 for required disclosures on risk management.

Number of Customers and Billed Volumes

The utility has the following number of customers and billed volumes for 2016 and 2015:

	Water		Sewer	
	Customers	Sales (000 gals)	Customers	Sales (000 gals)
Residential	4,002	169,644	3,987	169,518
Commercial	247	49,947	210	39,162
Industrial	48	42,767	45	34,320
Public authority	40	14,571	31	4,301
Multi-Family	87	18,643	87	18,643
Total	4,424	295,572	4,360	265,944

Village of DeForest

Notes to Financial Statements
December 31, 2021

Lease Disclosures

Lease - DeForest Windsor Fire and EMS Fire Board

On October 18, 2017, the Village of DeForest entered in a lease agreement with the DeForest Windsor Fire and EMS Fire Board (the Fire Department) to lease a portion of the DeForest Public Safety Building (the Premises) to the Fire Department. The lease is for a term of twenty (20) years commencing on the first day of July, 2017 and ending on the last day of June, 2037 or the effective date of termination of the Fire Department, whichever occurs first.

The annual lease payments to be made to the Village of DeForest are listed below. In addition to the annual lease payments, the Fire Department shall be responsible for and pay all costs for water, sewer, gas, electricity, heating and air conditioning for the Apparatus Bay within the Premises and for twenty-two point three six percent (22.36 percent) of the utility costs for the remaining Premises, which is the portion of the Premises constituting the Fire & EMS "improved space" including fifty percent (50 percent) of shared common areas.

Years	Governmental	
	Activities	Principal
2022	\$	119,000
2023		121,400
2024		123,800
2025		126,300
2026		128,800
2027-2031		683,700
2032-2036		754,700
2037		80,050
Total	\$	2,137,750

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	\$ 8,987,346
Construction in progress	226,897
Other capital assets, net of accumulated depreciation	61,133,448
Less long-term debt outstanding (excluding unspent capital related debt proceeds)	(30,497,889)
Less unamortized debt premium	(975,343)
Total net investment in capital assets	\$ 38,874,459

Village of DeForest

Notes to Financial Statements
December 31, 2021

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	General Fund	Debt Service	Development and TID Capital Projects	Other Capital Projects	Nonmajor Funds	Total
Fund Balances						
Nonspendable:						
Delinquent personal property	\$ 1,120	\$ -	\$ -	\$ -	\$ -	1,120
Taxes/specials	1,587	-	-	-	-	1,587
Prepaid items	17,896	-	-	-	-	17,896
Noncurrent receivables	-	-	-	-	-	-
Subtotal	20,603	-	-	-	-	20,603
Restricted for:						
Debt service	-	2,945,414	-	-	-	2,945,414
TID activities	-	-	1,368,199	-	-	1,368,199
Developer fees and contributions	-	-	-	935,351	-	935,351
TID projects, unspent proceeds	-	-	1,120,731	-	-	1,120,731
Capital projects, unspent proceeds	-	-	-	646,554	-	646,554
Library gift	-	-	-	214,824	-	214,824
Park development	-	-	-	250,851	-	250,851
Pass-thru grants	-	-	-	10,517	-	10,517
Parks safety impact fees	-	-	-	435,377	-	435,377
Urban forestry	-	-	-	11,700	-	11,700
Subtotal	-	2,945,414	2,488,930	1,581,905	923,269	7,939,518
Committed to:						
Building maintenance	206,622	-	-	-	-	206,622
Technology	25,800	-	-	-	-	25,800
Administration, office supplies	2,000	-	-	-	-	2,000
Police	19,500	-	-	-	-	19,500
Recreation	7,300	-	-	-	-	7,300
Conservation and development	13,320	-	-	-	-	13,320
Development and TID capital projects	-	-	879,056	-	-	879,056
Fire building	-	-	-	-	-	-
maintenance and repair	-	-	-	-	436,148	436,148
Future benefit costs	-	-	-	-	347,907	347,907
Promotions and special events	-	-	-	-	361,037	361,037
Subtotal	274,542	-	879,056	-	1,145,092	2,298,690
Assigned to:						
Capital projects	-	-	-	1,467,140	-	1,467,140
Park development	-	-	-	176,892	-	176,892
Urban forestry	-	-	-	128,617	-	128,617
Outsourced services	-	-	-	459	-	459
Subtotal	-	-	-	1,467,140	305,968	1,773,108
Unassigned:						
Capital projects	2,157,693	-	-	-	-	2,157,693
Total fund balances	\$ 2,452,838	\$ 2,945,414	\$ 3,367,986	\$ 3,049,045	\$ 2,374,329	\$ 14,189,612

Village of DeForest

Notes to Financial Statements
December 31, 2021

Business-Type Activities

Net investment in capital assets:	
Land	\$ 6,401,627
Construction in progress	2,745
Other capital assets, net of accumulated depreciation	49,625,239
Less long-term debt outstanding (excluding unspent capital related debt proceeds)	(10,359,864)
Less unamortized debt premium	(252,212)
	<u>\$ 45,417,535</u>

Total net investment in capital assets

Significant Transaction

During 2021, the Water Utility Well #5 became impaired as a result of abandonment. The financial statements for the Water Utility and Business-Type Activities include an impairment loss of \$597,193.

Component Unit

Community Development Authority

This report contains the Community Development Authority (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,553,691	\$ 1,575,113	Custodial credit risk
Mutual funds	385,396	385,396	N/A
Mutual funds, bond funds	777,314	777,314	Interest rate risk, credit risk
Petty cash	98	-	N/A
Total deposits and investments	<u>\$ 2,716,499</u>	<u>\$ 2,737,823</u>	

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

- Quotes prices for similar assets in active markets

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 385,396	\$ -	\$ -	\$ 385,396
Mutual funds, bond funds	777,314	-	-	777,314
Total	<u>\$ 1,162,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,710</u>

Village of DeForest

Notes to Financial Statements
December 31, 2021

Custodial Credit Risk

Deposits

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

As of December 31, 2021, \$675,034 of the CDA's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 675,034
Total	<u>\$ 675,034</u>

Investments

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

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

Credit Risk

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

As of December 31, 2021, the CDA's investments were rated as follows:

Investment Type	Standard & Poors
Mutual funds, bond funds	AAA, AA, A, BBB, BB, B

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, 2021, the CDA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-5	6-10
Mutual funds, bond funds	\$ 777,314	\$ -	\$ 400,584	\$ 376,730
Total	<u>\$ 777,314</u>	<u>\$ -</u>	<u>\$ 400,584</u>	<u>\$ 376,730</u>

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

Village of DeForest

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 274,590	\$ -	\$ -	\$ 274,590	
Buildings and land improvements	8,473,700	73,860	19,216	8,528,344	10-40
Machinery and equipment:					
Dwellings	48,600	3,730	-	52,330	5-10
Administrative	93,427	1,570	-	94,997	5-10
Less accumulated depreciation	<u>(5,567,814)</u>	<u>(211,796)</u>	<u>18,137</u>	<u>(5,761,473)</u>	
Total	<u>\$ 3,322,503</u>	<u>\$ (132,636)</u>	<u>\$ 37,353</u>	<u>\$ 3,188,788</u>	

Long-Term Obligations

Long-term obligations activity for the year ended was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 7,995	\$ -	\$ 7,265	\$ 730	\$ 730
Buy-in deposits	<u>6,785,334</u>	<u>255,500</u>	<u>258,667</u>	<u>6,782,167</u>	<u>-</u>
Total	<u>\$ 6,793,329</u>	<u>\$ 255,500</u>	<u>\$ 265,932</u>	<u>\$ 6,782,897</u>	<u>\$ 730</u>

The CDA provides life leases on residential units in exchange for buy-in deposits. For leases signed in 2011 and earlier, the CDA retained 10 percent of the initial deposit for administration with 90 percent being returned when the tenant leaves the unit. For leases signed in 2012 and after, the CDA retains 25 percent of the initial deposit for administration. Upon termination of the lease, 50 percent of the initial deposit is returned when the tenant leaves the unit and up to 25 percent can be returned when the unit is released to the next tenant, net of refurbishment costs.

Estimated payments of compensated absences and buy-in deposits do not have a repayment schedule.

Economic Dependency

The CDA is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The CDA operates at a loss prior to receiving contributions and grants from HUD.

Village of DeForest

Notes to Financial Statements
December 31, 2021

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>.

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.

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Village of DeForest

Notes to Financial Statements
December 31, 2021

Post-Retirement Adjustments

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

Year	Core Fund Adjustment %	Variable Fund Adjustment %
2011	(1.2) %	11.0 %
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

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Village of DeForestNotes to Financial Statements
December 31, 2021**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 merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$318,472 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2021 are:

	Employee Category	Employee	Employer
General (Executives & Elected Officials)		6.75 %	6.75 %
Protective with Social Security		6.75 %	11.65 %
Protective without Social Security		6.75 %	16.25 %

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

At December 31, 2021, the Village reported an liability (asset) of \$(1,738,472) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.02784613 percent, which was an increase of 0.00029148 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$(206,350).

Village of DeForestNotes to Financial Statements
December 31, 2021

At December 31, 2021, 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
Differences between expected and actual experience	\$ 2,516,103	\$ 541,964
Changes in assumptions	39,431	-
Net differences between projected and actual earnings on pension plan investments	-	3,283,841
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,801	5,057
Employer contributions subsequent to the measurement date	344,936	-
Total	\$ 2,903,271	\$ 3,810,862

\$344,936 reported as deferred outflows related to pension resulting from the WRS Employer's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2022	\$ (324,469)
2023	(87,632)
2024	(590,627)
2025	(249,799)

Village of DeForest

Notes to Financial Statements
December 31, 2021

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	3.0%
Inflation	0.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	1.9%
Post-Retirement Adjustments*:	

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Village of DeForest

Notes to Financial Statements
December 31, 2021

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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.

Village of DeForest

Notes to Financial Statements
December 31, 2021

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

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 1,654,784	\$ (1,738,472)	\$ (4,230,794)

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

At December 31, 2021, the Village 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.

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

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

The Village has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Village of DeForest

Notes to Financial Statements
December 31, 2021

Developer Agreement

The Village has business development agreements for properties in TID Districts, which provide incentive payments to developers. As part of the agreement, the businesses must generate specified levels of TIF increments, as well as other performance measurements, to be eligible for the payments. Details of these agreements are as follows:

TID No.	Developer Incentive	Years
2	\$60,000 per year	Through 2022
2	\$60,000 per year	Through 2023
3	\$38,000 per year	Through 2023
4	65 percent of tax increment for 15 years	Through 2027
4	\$55,000 per year	Through 2023
6	\$110,000 per year	Through 2027
6	About \$1.9 Million	Through 2020
7	75 percent of tax increment	Through 2020
9	Up to 90 percent of tax increment	Through 2025

In 2012, the Village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$3,800,000 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 4. In 2016, this increased by \$496,000.

Payments are scheduled through the year 2027 and carry an interest rate of Prime +3 percent. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$5,000,505.

Joint Ventures

DeForest Area Fire Protection District

The Village of DeForest and Village of Windsor jointly operate the DeForest Area Tax Protection District, which is called the DeForest Area Tax Protection District under the new name of the DeForest Windsor Fire & EMS District (District). This new District then signed service contracts with the Townships of Vienna, Leeds and Hampden to continue to provide fire and emergency medical services for a fee. Beginning in 2018 and continuing for 5 years, the Townships will be given credits towards their annual service contracts in relation to their equity interests in the original DeForest Area Fire Protection District. These estimated amounts per year will be \$23,888 for Vienna, \$4,914 for Leeds and \$770 for Hampden.

The Village's investment in this joint venture is measured as of December 31, 2020 or a one-year lag due to the availability and timing of the District's financial statements. The Village of DeForest and Village of Windsor shared in the annual operation of the district based upon equalized valuation. The participation was as follows:

Name	%
Village of DeForest	57.0
Village of Windsor	43.0
Total	100.0

Village of DeForest

Notes to Financial Statements
December 31, 2021

Effective January 1, 2017, the District Board consists of four members. Local representatives are appointed by the Village Board of DeForest and the Village Board of Windsor. The District Board has authority to adopt its own budget and control the financial affairs of the District. The Village is obligated by the joint venture agreement to remit an amount annually to the District. The Village made a payment to the District of \$574,461 in 2021.

Financial information of the District as of December 31, 2021 is available directly from the District's office.

The Village accounts for its share of the operation in the general fund. The Village has an equity interest in the organization equal to its percentage share of participation. The equity interest relative to financial assets is reported in the general fund.

The equity interest 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.

DeForest Area Community and Senior Center

The Village of DeForest, the Village of Windsor, and the Township of Vienna jointly operate the local senior and community center, which is called the DeForest Area Community and Senior Center (the Center). The Center provides services to seniors in the DeForest area and provides a community center for local community events.

The communities share in the operation of the center based upon the proportionate share of a community's population located in the center's service area to the total population of the area served. The communities shared in the operations of the center, approximately as follows:

Name	%
Village of DeForest	54.5
Village of Windsor	42.7
Town of Vienna	2.8
Total	100.0

The DeForest Area Community and Senior Center is governed by the DeForest Area Community and Senior Center Commission (the Commission). The Commission is made up of nine members including: one representative from the DeForest village board and the Windsor village board, two representatives from the Village of DeForest, the Village of Windsor and the Town of Vienna (each appointed by their respective village president or town board chairperson) and one member from the DeForest Half Century Club, Inc.

The purpose of the commission is to provide oversight over the operations of the DeForest Area Community and Senior Center and the programs and services for the senior citizens of the participating municipalities. The agreement between the municipalities is a continuing agreement and automatically renews from year to year. The commission has the authority to adopt its own budget and control the financial affairs of the center. However, either the DeForest Village Board or the Windsor Village Board have the authority to veto the commission's budget. The Village made a payment totaling \$316,897 to the center for 2021. The Village believes that the center will continue to provide services in the future at similar rates. Financial information of the center as of December 31, 2021 is available at the Windsor Village hall and at the center's office.

The Village has an equity interest in the organization equal to its percentage share of participation. The equity interest relative to financial assets 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.

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Village of DeForest

Notes to Financial Statements
December 31, 2021

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 Tax Incremental Financing Districts (TID) No. 2, 3, 4, 6 and 9 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.

Agreement Description	Calculation Method	Developer Commitment	2021 Payments
TID No. 2	Incentive payments of \$60,000 per year for 2013-2022	Business guaranteed tax base increase of \$5.7 million by 12/31/11.	\$ 60,000
TID No. 2	Incentive payments of \$60,000 per year for 2019-2023	Developer guaranteed to create tax base sufficient to pay debt service on TID related projects.	60,000
TID No. 3	Incentive payments of \$38,000 per year for 2013-2022	Business guaranteed tax base increase of \$3.8 million by 12/31/11.	38,000
TID No. 4	Village to make payments on TID Bond in varying amounts including interest	Developer to construct various improvements within TID.	754,530
TID No. 4	Incentive payments of \$55,000 per year 2019-2023	Business guaranteed tax base of \$20 million by 12/31/17.	55,000
TID No. 6	Incentive payments of \$110,000 per year for 2018-2027	Business guaranteed tax base of \$11 million by 12/31/16.	187,790
TID No. 9	Incentive Payments of varying amounts to up to \$184,270 payments through 2025	Business guaranteed tax base of \$11 million by 12/31/16	36,913

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Village of DeForest

Notes to Financial Statements
December 31, 2021

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of DeForest

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
Revenues			
Taxes			
General property taxes	\$ 5,211,513	\$ 5,211,513	\$ (2,098)
Taxes from exempt entities	94,219	95,750	1,531
Excise tax refund	3,000	6,180	3,180
Total taxes	5,308,732	5,313,345	2,613
Intergovernmental Revenues			
Shared taxes from state	370,887	370,898	11
State aid, road allotment	575,000	575,000	-
State aid, recycling grant	17,000	17,095	95
State aid, police training	2,500	2,880	380
State aid, exempt computer aid	27,855	27,855	-
State aid, other	3,500	12,870	9,370
County aid, library	291,210	291,210	-
Other federal grants	-	2,665	2,665
Total intergovernmental revenues	1,287,952	1,300,473	12,521
Licenses and Permits			
Liquor and malt beverage licenses	14,000	13,880	(120)
Operators' license	6,500	6,785	285
Cigarette licenses	1,400	1,400	-
Dog licenses	1,850	3,223	1,373
Cable TV franchise	98,628	98,276	(352)
Building permits	178,000	253,430	75,430
Peddler permits	300	775	475
Erosion control permits	4,500	12,035	7,535
Total licenses and permits	305,178	389,804	84,626
Fines, forfeitures and penalties			
Court penalties and costs	110,000	117,491	7,491
Total fines, forfeitures and penalties	110,000	117,491	7,491
Public Charges for Services			
Equipment rental/labor	1,000	71	(929)
Police department fees	750	1,047	297
Refuse and garbage collection	900	2,240	1,340
Library fines	15,000	9,427	(5,573)
Summer recreation	72,200	100,902	28,702
Administration fees	15,000	18,541	3,541
Park fees	7,625	15,626	8,001
Zoning	17,000	38,912	21,912
Total public charges for services	129,475	186,766	57,291

See notes to required supplementary information
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Village of DeForest

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
Intergovernmental Charges for Services			
School district charges, police liaison	\$ 72,000	\$ 72,000	\$ 78,883
Village of Windsor court fees	20,150	20,150	20,150
County library reimbursement	39,932	39,932	39,914
County library facility charges	76,362	76,362	76,362
Total intergovernmental charges for services	208,444	208,444	215,309
Investment income (loss)			
Interest on investments	20,000	20,000	(13,000)
Total investment income (loss)	20,000	20,000	(13,000)
Miscellaneous Revenues			
Rent	76,862	76,862	77,012
Insurance recoveries	-	-	4,102
Donations	1,000	1,000	1,212
Other miscellaneous	9,100	9,100	34,807
Total miscellaneous revenues	86,962	86,962	117,133
Total revenues	7,456,743	7,456,743	7,625,321
Expenditures			
General Government			
Village board	122,240	122,240	107,994
Administration	646,539	646,539	547,797
Elections	28,221	28,221	17,625
Assessment of property	62,500	62,500	63,867
Judgments	92,870	92,870	40,916
Auditing and accounting assistance	12,000	12,000	10,982
Legal	62,000	62,000	81,169
Municipal court	111,059	111,059	104,510
Property and liability insurance	18,176	18,176	19,969
Board of review	165	165	173
Illegal taxes and refunds	-	-	261,857
Total general government	1,155,770	1,155,770	1,256,859
Public Safety			
Police	2,771,665	2,797,665	2,789,890
Police administration	750	750	50
Police commission per diem	1,000	1,000	650
Fire district	574,461	574,461	574,461
Emergency government	16,800	16,800	28,012
Traffic court legal fees	24,000	24,000	28,529
Total public safety	3,388,676	3,414,676	3,421,592
			(6,916)

See notes to required supplementary information
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Village of DeForest

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
Public Works			
Garage	\$ 31,190	\$ 31,190	\$ 1,525
Street administration	326,705	301,649	25,056
Engineering	5,500	5,491	9
Street maintenance	268,300	251,438	16,862
Snow and ice control	50,000	47,297	2,703
Street lighting	150,800	152,974	(2,174)
Sidewalks, with street reconstruction	26,200	21,978	4,222
Landfill monitoring	4,000	4,000	-
Recycling/garbage collection/weed control	534,437	509,442	24,995
Total public works	1,397,132	1,318,452	78,680
Leisure Activities			
Library	996,199	976,718	19,481
Recreation administration	195,991	197,709	(1,718)
Parks	403,955	415,040	(11,085)
Chamber of commerce, 4th of July	10,000	5,400	4,600
Total leisure activities	1,606,145	1,594,867	11,278
Conservation and Development			
Zoning	222,357	176,682	45,675
Conservation and development	23,331	23,012	319
Natural resources	77,332	92,386	(15,054)
Total conservation and development	323,020	292,080	30,940
Total expenditures	7,870,743	7,883,850	12,893
Excess (deficiency) of revenues over (under) expenditures	(414,000)	(258,529)	181,471
Other Financing Sources (Uses)			
Sale of assets	5,000	5,000	9,785
Transfers in, tax equivalent	405,000	407,670	2,670
Transfers in, other	4,000	4,000	-
Transfers out	-	(30,739)	(30,739)
Total other financing sources (uses)	414,000	395,716	(18,284)
Net change in fund balance	-	137,187	163,187
Fund Balance, Beginning	2,315,651	2,315,651	-
Fund Balance, Ending	2,315,651	2,452,838	163,187

See notes to required supplementary information
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Village of DeForest

Schedule of Proportionate Share of the Net Pension (Asset) Liability - Wisconsin Retirement System
Year Ended December 31, 2021

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Coverage Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	0.02784613%	\$ (1,738,472)	\$ 3,651,983	47.60%	105.26%
12/30/20	0.02755465%	(888,487)	3,528,495	25.18%	102.96%
12/31/19	0.02674528%	941,513	3,475,320	27.09%	96.45%
12/31/18	0.02567141%	(762,214)	3,336,401	22.85%	102.93%
12/31/17	0.02412462%	198,844	3,101,600	6.41%	99.12%
12/31/16	0.02340478%	380,323	3,044,134	12.49%	98.20%
12/31/15	0.02264178%	(656,144)	2,751,776	20.21%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2021

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
12/31/21	\$ 344,936	\$ 344,936	\$ -	4,025,453	8.57%
12/31/20	326,363	326,363	-	3,651,984	8.94%
12/31/19	299,977	299,977	-	3,528,495	8.50%
12/31/18	300,542	300,542	-	3,475,320	8.65%
12/31/17	287,892	287,892	-	3,336,402	8.63%
12/31/16	238,723	238,723	-	3,101,600	7.70%
12/31/15	239,690	239,690	-	3,044,134	7.87%

See notes to required supplementary information
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Village of DeForest

Notes to Required Supplementary Information
Year Ended December 31, 2021

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 Administrator may authorize transfers of up to \$10,000 within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the 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: No significant change in assumptions were noted from the prior year.

S U P P L E M E N T A R Y I N F O R M A T I O N

Village of DeForest

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Special Revenue Funds				
	Library Gift Fund	Park Development Fund	Fire Sinking Fund	Future Benefit Costs Fund	Community & Senior Center Fund
Assets					
Cash and investments	\$ 214,824	\$ 445,094	\$ 438,138	\$ 356,307	\$ -
Receivables:					
Taxes	-	-	-	15,000	317,857
Accounts	-	1,924	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 214,824</u>	<u>\$ 447,018</u>	<u>\$ 438,138</u>	<u>\$ 371,307</u>	<u>\$ 317,857</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 19,275	\$ 1,990	\$ 8,400	\$ -
Deposits	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>19,275</u>	<u>1,990</u>	<u>8,400</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	15,000	317,857
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>317,857</u>
Fund Balances					
Restricted	214,824	250,851	-	-	-
Committed	-	-	436,148	347,907	-
Assigned	-	176,892	-	-	-
Total fund balances	<u>214,824</u>	<u>427,743</u>	<u>436,148</u>	<u>347,907</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 214,824</u>	<u>\$ 447,018</u>	<u>\$ 438,138</u>	<u>\$ 371,307</u>	<u>\$ 317,857</u>

	Special Revenue Funds					
	Pass-Thru Grants Fund	Public Safety Impact Fees	Urban Forestry Fund	Promotions & Special Events Fund	Outsourced Services Fund	ARPA Fund
Total Nonmajor Governmental Funds						
	\$ 6,067	\$ 435,377	\$ 140,317	\$ 370,157	\$ 2,990	\$ 553,293
	-	-	5,000	100,000	-	-
	6,724	-	-	-	-	-
Total	<u>\$ 12,791</u>	<u>\$ 435,377</u>	<u>\$ 145,317</u>	<u>\$ 470,157</u>	<u>\$ 2,990</u>	<u>\$ 553,293</u>
	\$ 2,274	\$ -	\$ -	\$ 3,114	\$ 408	\$ -
	-	-	-	6,006	2,123	-
	-	-	-	-	-	553,293
Total	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>2,531</u>	<u>553,293</u>
	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
	-	-	128,617	-	459	-
Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
Total	<u>\$ 12,791</u>	<u>\$ 435,377</u>	<u>\$ 145,317</u>	<u>\$ 470,157</u>	<u>\$ 2,990</u>	<u>\$ 553,293</u>
	\$ 2,274	\$ -	\$ -	\$ 3,114	\$ 408	\$ -
	-	-	-	6,006	2,123	-
	-	-	-	-	-	553,293
Total	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>2,531</u>	<u>553,293</u>
	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
	-	-	128,617	-	459	-
Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
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	-	-	5,000	100,000	-	-
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	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
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	-	-	5,000	100,000	-	-
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	-	-	5,000	100,000	-	-
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	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
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Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
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	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
	-	-	128,617	-	459	-
Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
Total	<u>\$ 12,791</u>	<u>\$ 435,377</u>	<u>\$ 145,317</u>	<u>\$ 470,157</u>	<u>\$ 2,990</u>	<u>\$ 553,293</u>
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Total	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>2,531</u>	<u>553,293</u>
	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
	-	-	128,617	-	459	-
Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
Total	<u>\$ 12,791</u>	<u>\$ 435,377</u>	<u>\$ 145,317</u>	<u>\$ 470,157</u>	<u>\$ 2,990</u>	<u>\$ 553,293</u>
	\$ 2,274	\$ -	\$ -	\$ 3,114	\$ 408	\$ -
	-	-	-	6,006	2,123	-
	-	-	-	-	-	553,293
Total	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>2,531</u>	<u>553,293</u>
	-	-	5,000	100,000	-	-
	-	-	5,000	100,000	-	-
	10,517	435,377	11,700	-	-	-
	-	-	-	361,037	-	-
	-	-	128,617	-	459	-
Total	<u>10,517</u>	<u>435,377</u>	<u>140,317</u>	<u>361,037</u>	<u>459</u>	<u>-</u>
Total	<u>\$ 12,791</u>	<u>\$ 435,377</u>	<u>\$ 145,317</u>	<u>\$ 470,157</u>	<u>\$ 2,990</u>	<u>\$ 553,293</u>
	\$ 2,274	\$ -	\$ -	\$ 3,114	\$ 408	\$ -
	-	-	-	6,006	2,123	-
	-	-	-	-	-	553,293
Total	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>9,120</u>	<u>2,531</u>	<

Village of DeForest

Combining Statement of Revenues, Expenditures and Changes

in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds				
	Library Gift Fund	Park Development Fund	Fire Sinking Fund	Future Benefit Costs Fund	Community & Senior Center
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 15,000	\$ 316,897
Intergovernmental	-	-	-	-	-
Public charges for services	1,458	130,576	-	-	-
Intergovernmental charges for services	-	-	116,700	-	-
Investment income (loss)	28,501	(404)	(373)	-	-
Miscellaneous	17,081	5,150	-	10,981	-
Total revenues	47,040	135,422	116,327	25,981	316,897
Expenditures					
Current:					
General government	-	-	-	130,422	-
Public safety	-	-	38,891	-	-
Leisure activities	17,033	2,092	-	-	316,897
Conservation and development	-	29,446	-	-	-
Capital outlay	-	61,281	-	-	-
Total expenditures	17,033	92,819	38,891	130,422	316,897
Excess (deficiency) of revenues over expenditures	30,007	42,603	77,436	(104,441)	-
Other Financing Sources (Uses)					
Transfers in	2,817	-	-	27,922	-
Transfers out	(4,000)	(52,200)	(50,000)	-	-
Total other financing sources (uses)	(1,183)	(52,200)	(50,000)	27,922	-
Net change in fund balances	28,824	(9,597)	27,436	(76,519)	-
Fund Balances, Beginning	196,000	437,340	408,712	424,426	-
Fund Balances, Ending	\$ 214,824	\$ 427,743	\$ 436,148	\$ 347,907	\$ -

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Pass-Thru Grants Fund	Public Safety Impact Fees	Urban Forestry Fund	Promotions & Special Events Fund	Outsourced Services Fund	ARPA Fund	
\$	-	\$ -	\$ -	\$ 5,000	\$ 70,377	\$ -	\$ 407,274
85,604	-	-	-	-	-	6,213	91,817
-	-	94,199	66,632	-	-	-	292,965
-	-	-	-	-	112,857	-	229,557
9	-	(360)	(86)	(322)	(2)	(409)	26,554
2,589	-	-	3,900	144,037	-	-	183,738
88,202	-	93,839	75,446	214,092	112,855	5,804	1,231,905
88,061	-	-	-	-	112,396	5,804	248,622
-	-	-	-	-	-	-	126,952
-	-	-	-	201,272	-	-	537,294
-	-	20,161	-	-	-	-	49,607
-	-	-	-	-	-	-	61,281
88,061	-	-	20,161	201,272	112,396	5,804	1,023,756
141	-	93,839	55,285	12,820	459	-	208,149
-	-	-	-	-	-	-	30,739
-	-	(42,749)	-	-	-	-	(148,949)
-	-	(42,749)	-	-	-	-	(118,210)
141	-	51,090	55,285	12,820	459	-	89,939
10,376	-	384,287	85,032	348,217	-	-	2,284,390
\$ 10,517	\$ 435,377	\$ 140,317	\$ 361,037	\$ 459	\$ -	\$ -	\$ 2,374,329

FORM OF LEGAL OPINION

(See following pages)

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

April 27, 2023

Re: Village of DeForest, Wisconsin ("Issuer")
\$12,475,000 General Obligation Promissory Notes, Series 2023A,
dated April 27, 2023 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$ 890,000	5.00%
2025	1,150,000	5.00
2026	1,195,000	5.00
2027	1,235,000	5.00
2028	1,285,000	5.00
2029	1,335,000	5.00
2030	1,375,000	4.50
2031	1,435,000	4.00
2032	1,265,000	4.00
2033	1,310,000	4.00

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2024.

The Notes maturing on April 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2030 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of DeForest, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$12,475,000 General Obligation Promissory Notes, Series 2023A, dated April 27, 2023 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on March 21, 2023, as supplemented by an Approving Certificate, dated April 19, 2023 (collectively, the "Resolution") and delivered to BOK Financial Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated April 20, 2023 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

"Issuer Contact" means the Village Administrator of the Issuer who can be contacted at 120 S. Stevenson Street, DeForest, Wisconsin 53532, phone (608) 846-6751, fax (608) 846-6963.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2022, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 27th day of April, 2023.

(SEAL)

Jane Cahill Wolfgram
President

Callista Lundgren
Village Clerk