VILLAGE OF YORKVILLE, WISCONSIN

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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VILLAGE OF YORKVILLE, WISCONSIN

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FINANCIAL SECTION

This section includes:

- Independent Auditor's Report
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the Village's independent auditing firm.

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INDEPENDENT AUDITOR'S REPORT

June 11, 2026

The Honorable Village President
Members of the Board Trustees
Village of Yorkville, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville (the Village), Wisconsin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville, Wisconsin, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Yorkville, Wisconsin's basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Statement of Net Position
December 31, 2025

See Following Page

Statement of Net Position
December 31, 2025

		Primary Government	
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	$ 10,581,372	2,455,865	13,037,237
Receivables - Net of Allowances			
Property Taxes	2,537,795	—	2,537,795
Special Assessments	31,098	—	31,098
Accounts	—	162,237	162,237
Leases	—	49,665	49,665
Internal Balances	(915,291)	915,291	—
Inventory	—	4,986	4,986
Total Current Assets	12,234,974	3,588,044	15,823,018
Noncurrent Assets			
Capital Assets			
Nondepreciable	808,002	2,696,777	3,504,779
Depreciable	7,420,784	13,916,905	21,337,689
Accumulated Depreciation	(2,438,901)	(2,740,648)	(5,179,549)
Total Noncurrent Assets	5,789,885	13,873,034	19,662,919
Total Assets	18,024,859	17,461,078	35,485,937
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - WRS	122,167	—	122,167
Total Assets and Deferred Outflows of Resources	18,147,026	17,461,078	35,608,104

The notes to the financial statements are an integral part of this statement.

		Primary Government	
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 565,190	654,310	1,219,500
Accrued Payroll	15,374	2,890	18,264
Accrued Interest Payable	—	18,689	18,689
Deposits Payable	76,859	—	76,859
Other Payables	—	3,774	3,774
Due to Other Governments	53,774	—	53,774
Current Portion of Long-Term Liabilities	257,490	414,881	672,371
Total Current Liabilities	968,687	1,094,544	2,063,231
Noncurrent Liabilities			
Net Pension Liability - WRS	20,384	—	20,384
Notes Payable	9,809,827	7,280,031	17,089,858
Total Noncurrent Liabilities	9,830,211	7,280,031	17,110,242
Total Liabilities	10,798,898	8,374,575	19,173,473
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	3,166,480	—	3,166,480
Special Assessments	31,098	—	31,098
Leases	—	22,450	22,450
Deferred Items - WRS	61,827	—	61,827
Total Deferred Inflows of Resources	3,259,405	22,450	3,281,855
Total Liabilities and Deferred Inflows of Resources	14,058,303	8,397,025	22,455,328
NET POSITION			
Net Investment in Capital Assets	3,682,282	6,178,122	9,860,404
Restricted			
Equipment	—	817,371	817,371
Unrestricted	406,441	2,068,560	2,475,001
Total Net Position	4,088,723	9,064,053	13,152,776

The notes to the financial statements are an integral part of this statement.

VILLAGE OF YORKVILLE, WISCONSIN

Statement of Activities
For the Fiscal Year Ended December 31, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	$ 898,631	36,990	6,597	—
Public Safety	632,983	570	—	—
Public Works	2,142,111	251,749	133,813	—
Health and Human Services	3,100	—	—	—
Culture, Recreation, and Education	12,000	—	—	—
Conservation and Development	84,287	—	—	—
Interest on Long-Term Debt	314,980	—	—	—
Total Governmental Activities	4,088,092	289,309	140,410	—
Business-Type Activities				
Water Utility	364,826	269,378	—	—
Wastewater Utility	651,621	488,957	—	—
Stormwater Utility	284,852	281,894	—	—
Total Business-Type Activities	1,301,299	1,040,229	—	—
Total Primary Government	5,389,391	1,329,538	140,410	—

General Revenues
Taxes
Property Tax
Mobile Home Fees
Other Taxes
Intergovernmental - Unrestricted
State Shared Revenue
Investment Income
Miscellaneous
Transfers - Internal Activity

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(855,044)	—	(855,044)
(632,413)	—	(632,413)
(1,756,549)	—	(1,756,549)
(3,100)	—	(3,100)
(12,000)	—	(12,000)
(84,287)	—	(84,287)
(314,980)	—	(314,980)
(3,658,373)	—	(3,658,373)
—	(95,448)	(95,448)
—	(162,664)	(162,664)
—	(2,958)	(2,958)
—	(261,070)	(261,070)
(3,658,373)	(261,070)	(3,919,443)
2,504,484	—	2,504,484
57,344	—	57,344
49,313	—	49,313
273,415	—	273,415
234,798	110,788	345,586
6,707	14,725	21,432
(851,000)	851,000	—
2,275,061	976,513	3,251,574
(1,383,312)	715,443	(667,869)
5,472,035	8,348,610	13,820,645
4,088,723	9,064,053	13,152,776

The notes to the financial statements are an integral part of this statement.

Balance Sheet - Governmental Funds
December 31, 2025

	General	Capital Projects Tax Increment District No. 1	Totals
ASSETS			
Cash and Investments	$ 10,339,207	242,165	10,581,372
Receivables - Net of Allowances			
Property Taxes	1,885,211	652,584	2,537,795
Special Assessments	31,098	—	31,098
Due from Other Funds	150	—	150
Advances to Other Funds	2,486,749	—	2,486,749
Total Assets	14,742,415	894,749	15,637,164
LIABILITIES			
Accounts Payable	565,190	—	565,190
Accrued Payroll	15,374	—	15,374
Deposits Payable	76,859	—	76,859
Due to Other Governments	3,774	50,000	53,774
Due to Other Funds	378,005	44,757	422,762
Advances from Other Funds	2,441	2,976,987	2,979,428
Total Liabilities	1,041,643	3,071,744	4,113,387
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,271,048	895,432	3,166,480
Special Assessments	31,098	—	31,098
Total Deferred Inflows of Resources	2,302,146	895,432	3,197,578
Total Liabilities and Deferred Inflows of Resources	3,343,789	3,967,176	7,310,965
FUND BALANCES			
Nonspendable	31,098	—	31,098
Restricted	7,959,714	—	7,959,714
Unassigned	3,407,814	(3,072,427)	335,387
Total Fund Balances	11,398,626	(3,072,427)	8,326,199
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	14,742,415	894,749	15,637,164

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities
December 31, 2025

Total Governmental Fund Balances	$	8,326,199
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.		5,789,885
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Deferred Items - WRS		60,340
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net Pension Liability - WRS		(20,384)
Notes Payable		(9,735,000)
Unamortized Bond Premium		(332,317)
Net Position of Governmental Activities		4,088,723

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2025

	General	Capital Projects Tax Increment District No. 1	Totals
Revenues			
Taxes	$ 1,678,929	932,212	2,611,141
Intergovernmental	413,825	—	413,825
Licenses and Permits	228,404	—	228,404
Public Charges for Services	60,335	—	60,335
Fines, Forfeits, and Penalties	570	—	570
Investment Income	234,798	—	234,798
Miscellaneous	6,707	—	6,707
Total Revenues	2,623,568	932,212	3,555,780
Expenditures			
General Government	590,600	446	591,046
Public Safety	632,983	—	632,983
Public Works	1,021,972	213	1,022,185
Health and Human Services	3,100	—	3,100
Culture, Recreation, and Education	12,000	—	12,000
Conservation and Development	40,190	44,097	84,287
Capital Outlay	2,265,286	—	2,265,286
Debt Service			
Interest and Fiscal Charges	288,730	26,250	314,980
Total Expenditures	4,854,861	71,006	4,925,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,231,293)	861,206	(1,370,087)
Other Financing Sources (Uses)			
Debt Issuance	8,900,000	835,000	9,735,000
Premium on Debt Issuance	303,813	28,504	332,317
Transfers In	806,683	—	806,683
Transfers Out	—	(1,657,683)	(1,657,683)
	10,010,496	(794,179)	9,216,317
Net Change in Fund Balances	7,779,203	67,027	7,846,230
Fund Balances - Beginning	3,619,423	(3,139,454)	479,969
Fund Balances - Ending	11,398,626	(3,072,427)	8,326,199

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 7,846,230
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	1,087,371
Depreciation Expense	(244,798)
Disposals - Cost	(6,513)
Disposals - Accumulated Depreciation	6,513
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - WRS	342
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Net Pension Liability - WRS	(5,140)
Issuance of Debt	(9,735,000)
Issuance of Premiums	(332,317)
Changes in Net Position of Governmental Activities	(1,383,312)

Statement of Net Position - Proprietary Funds
December 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
ASSETS				
Current Assets				
Cash and Investments	$ 1,377,637	1,040,622	37,606	2,455,865
Receivables - Net of Allowances				
Accounts	31,564	130,673	—	162,237
Leases	49,665	—	—	49,665
Due from Other Funds	140,718	—	281,894	422,612
Advances to Other Funds	—	2,979,428	—	2,979,428
Inventory	4,986	—	—	4,986
Total Current Assets	1,604,570	4,150,723	319,500	6,074,793
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,242,399	454,378	—	2,696,777
Depreciable	3,159,831	10,757,074	—	13,916,905
Accumulated Depreciation	(1,266,001)	(1,474,647)	—	(2,740,648)
Total Noncurrent Assets	4,136,229	9,736,805	—	13,873,034
Total Assets	5,740,799	13,887,528	319,500	19,947,827

The notes to the financial statements are an integral part of this statement.

		Water Utility	Wastewater Utility	Stormwater Utility	Totals
LIABILITIES					
Current Liabilities					
Accounts Payable	$	618,425	35,885	—	654,310
Accrued Payroll		132	2,758	—	2,890
Accrued Interest Payable		—	18,689	—	18,689
Other Payables		2,243	1,531	—	3,774
Advances from Other Funds		—	2,486,749	—	2,486,749
Current Portion of Long-Term Liabilities		15,880	399,001	—	414,881
Total Current Liabilities		636,680	2,944,613	—	3,581,293
Long-Term Liabilities					
Notes Payable		490,846	6,789,185	—	7,280,031
Total Liabilities		1,127,526	9,733,798	—	10,861,324
DEFERRED INFLOWS OF RESOURCES					
Leases		22,450	—	—	22,450
Total Liabilities and Deferred Inflows of Resources		1,149,976	9,733,798	—	10,883,774
NET POSITION					
Net Investment in Capital Assets		3,629,503	2,548,619	—	6,178,122
Restricted - Equipment		393,278	424,093	—	817,371
Unrestricted		568,042	1,181,018	319,500	2,068,560
Total Net Position		4,590,823	4,153,730	319,500	9,064,053

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
Operating Revenues				
Charges for Services	$ 224,224	482,329	—	706,553
Other	45,154	6,628	281,894	333,676
Total Operating Revenues	269,378	488,957	281,894	1,040,229
Operating Expenses				
Operation and Maintenance	274,646	368,758	284,852	928,256
Depreciation	84,965	167,888	—	252,853
Total Operating Expenses	359,611	536,646	284,852	1,181,109
Operating (Loss)	(90,233)	(47,689)	(2,958)	(140,880)
Nonoperating Revenues (Expenses)				
Investment Income	59,472	51,203	113	110,788
Other Income	14,725	—	—	14,725
Interest Expense	(5,215)	(114,975)	—	(120,190)
	68,982	(63,772)	113	5,323
(Loss) Before Transfers	(21,251)	(111,461)	(2,845)	(135,557)
Transfers In	837,938	508,072	—	1,346,010
Transfers Out	(435,896)	(59,114)	—	(495,010)
	402,042	448,958	—	851,000
Change in Net Position	380,791	337,497	(2,845)	715,443
Net Position - Beginning	4,210,032	3,816,233	322,345	8,348,610
Net Position - Ending	4,590,823	4,153,730	319,500	9,064,053

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	$ 324,136	490,423	280,448	1,095,007
Payments to Employees	(50,586)	(61,665)	—	(112,251)
Payments to Suppliers	304,239	(322,115)	(329,787)	(347,663)
	577,789	106,643	(49,339)	635,093
Cash Flows from Noncapital Financing Activities				
Transfers In	837,938	508,072	—	1,346,010
Transfers Out	(435,896)	(59,114)	—	(495,010)
	402,042	448,958	—	851,000
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(2,042,911)	(266,759)	—	(2,309,670)
Issuance of Debt	490,000	—	—	490,000
Retirement of Debt	—	(392,872)	—	(392,872)
Interest Expense	(5,215)	(114,975)	—	(120,190)
	(1,558,126)	(774,606)	—	(2,332,732)
Cash Flows from Investing Activities				
Investment Income	59,472	51,203	113	110,788
Net Change in Cash and Cash Equivalents	(518,823)	(167,802)	(49,226)	(735,851)
Cash and Cash Equivalents - Beginning	1,896,460	1,208,424	86,832	3,191,716
Cash and Cash Equivalents - Ending	1,377,637	1,040,622	37,606	2,455,865
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating (Loss)	(90,233)	(47,689)	(2,958)	(140,880)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation	84,965	167,888	—	252,853
Share of Meter Depreciation	1,208	(1,208)	—	—
Other Income (Expense)	14,725	—	—	14,725
(Increase) Decrease in Current Assets	38,825	2,674	(1,446)	40,053
Increase (Decrease) in Current Liabilities	528,299	(15,022)	(44,935)	468,342
Net Cash Provided by Operating Activities	577,789	106,643	(49,339)	635,093

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
December 31, 2025

	Custodial Tax Collection
ASSETS	
Cash and Cash Equivalents	$ 3,099,014
Receivables	
Taxes	8,327,719
Total Assets	11,426,733
LIABILITIES	
Due to Other Governments	11,426,733
NET POSITION	
Net Position Restricted for Individuals, Organizations, and Other Governments	—

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2025

	Custodial Tax Collection
Additions	
Collection of Property Tax	$ 6,917,296
Deductions	
Distributions to Other Governments	6,917,296
Change in Fiduciary Net Position	—
Net Position Restricted for Individuals, Organizations, and Other Governments	
Beginning	—
Ending	—

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village of Yorkville, Wisconsin (the Village), is a municipal corporation governed by an elected president and four-member Board of Trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the Village and there are no discretely component units to include in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general government, public safety, public works, health and human services, culture, recreation, and education, and conservation and development services are classified as governmental activities. The Village's water utility, wastewater utility, and stormwater utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.) The functions are supported by general government revenues (property taxes, mobile home fees, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, room taxes, intergovernmental revenues, investment income, etc.).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/ deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village may electively add funds, as major funds, which either have debt outstanding or a specific or community focus. The nonmajor funds are combined in a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

> Total assets/deferred outflows, liabilities/deferred inflows, 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
>
> Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds) is used to account for the Village's capital projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains three major enterprise funds. The Water Utility Fund is used to account for the operations of the water distribution system. The Wastewater Utility Fund is used to account for the operations of the sewage treatment plant, sewage pumping stations, and collection systems. The Stormwater Utility Fund is used to account for the operations of the stormwater system.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Custodial Funds are used to account for assets held by the Village in a purely custodial capacity. The Tax Collection Fund is used to account for the taxes and deposits collected by the Village, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

The Village's fiduciary fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/ deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

All proprietary and custodial funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and custodial funds equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, mobile home fees, licenses, permits, investment income, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and custodial funds utilize 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds' Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, 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. All of the Village's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and accounts. Business-type activities report utility charges and leases as their major receivables.

Inventory

Inventory are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000, depending on asset class, or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. PSC guidelines are followed for depreciation related to the Water Utility.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	50 Years
Machinery and Equipment	3 - 15 Years
Infrastructure	15 - 40 Years
Source of Supply	34 Years
Pumping Plant	23 - 30 Years
Water Treatment Plant	17 Years
Transmission and Distribution Plant	18 - 77 Years
General Plant	4 - 17 Years
Plant and Lift Station	67 Years
Treatment Equipment	40 - 67 Years
Other Equipment	20 - 67 Years

Pensions

For purposes of measuring the net pension liability, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

> Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
>
> Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Village follows these procedures in establishing the budgetary data:

- During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.

- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

- During the year, formal budgetary integration is employed as a management control device for the general fund.

- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

EXCESS OF ACTUAL EXPENSES OVER BUDGET IN INDIVIDUAL FUND

The following fund had an excess of actual expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
Tax Increment District No. 1	$ 13,506

DEFICIT FUND BALANCE

The following fund had deficit fund balance as of the date of this report:

Fund	Deficit
Tax Increment District No. 1	$ 3,072,427

Deficits will be eliminated by future revenues or transfers.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Local Government Investment Pool.

The Local Government Investment Pool (LGIP) is an investment pool managed by the Wisconsin Department of Administration, which allows governments within the State to pool their funds for investment purposes. LGIP is not registered with the SEC as an investment company. Investments in LGIP are valued at the share price, which is the price for which the investment could be sold.

Deposits. At year-end, the carrying amount of the Village’s deposits for governmental and business-type activities totaled $325,420 and the bank balances totaled $274,184. Additionally, the Village has $12,711,817 invested in LGIP which has an average maturity of less than one year.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment addresses interest rate risk by emphasizing adequate liquidity to meet cash flow needs and by limiting the maturities of investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy does not further limit credit risk. At year-end, the Village’s investments in LGIP were rated AAAm by Standard and Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. Deposits in each local and area bank are insured by the FDIC in the amount of $250,000. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $1,000,000. At year-end, $24,184 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

Custodial Credit Risk - Investments. For an investment, this 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. The Village's investment policy addresses custodial credit risk for investments by requiring collateralization for repurchase agreements and requiring reporting by custodians and advisors. The Village’s investment in the LGIP is not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer. The Village's investment policy does not specifically address concentration of credit risk. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

NOTE 3 - DETAIL NOTES ON ALL FUNDS

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Tax Increment District No. 1	$ 150
Water Utility	General	96,111
Water Utility	Tax Increment District No. 1	44,607
Stormwater Utility	General	281,894
		422,762

INTERFUND ADVANCES

Interfund advances represent long-term loans between funds and are intended to be repaid over time. The composition of interfund advances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Wastewater Utility	$ 2,486,749
Wastewater Utility	General	2,441
Wastewater Utility	Tax Increment District No. 1	2,976,987
		5,466,177

INTERFUND TRANSFERS

Interfund transfers for the fiscal year consisted of the following:

Transfer In	Transfer Out	Amount	
General	Tax Increment District No. 1	$ 311,673	(2)
General	Water Utility	435,896	(1)(3)
General	Wastewater Utility	59,114	(3)
Water Utility	Tax Increment District No. 1	837,938	(2)
Wastewater Utility	Tax Increment District No. 1	508,072	(1)
		2,152,693	

Transfers are used to move revenues from funds to 1) help cover the reimbursement of costs in other funds, 2) move Tax Increment District revenues to reimburse debt payments, and 3) reimburse the General Fund for covering payroll costs.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2024 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about January 31, and July 31. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the fiscal year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 58,368	749,634	—	808,002
Depreciable Capital Assets				
Buildings and Improvements	9,516	—	—	9,516
Machinery and Equipment	40,608	7,111	6,513	41,206
Infrastructure	7,039,436	330,626	—	7,370,062
	7,089,560	337,737	6,513	7,420,784
Less Accumulated Depreciation				
Buildings and Improvements	9,516	—	—	9,516
Machinery and Equipment	34,890	2,864	6,513	31,241
Infrastructure	2,156,210	241,934	—	2,398,144
	2,200,616	244,798	6,513	2,438,901
Total Net Depreciable Capital Assets	4,888,944	92,939	—	4,981,883
Total Net Capital Assets	4,947,312	842,573	—	5,789,885

Depreciation expense was charged to governmental activities as follows:

General Government	$ 2,787
Public Works	242,011
	244,798

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the fiscal year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 96,682	12,727	—	109,409
Construction in Progress	290,425	2,296,943	—	2,587,368
	387,107	2,309,670	—	2,696,777
Depreciable Capital Assets				
Source of Supply	53,329	—	—	53,329
Pumping Plant	379,676	—	—	379,676
Water Treatment Plant	3,060	—	—	3,060
Transmission and Distribution Plant	2,583,480	—	—	2,583,480
General Plant	141,286	—	—	141,286
Plant and Lift Station	6,538,621	—	—	6,538,621
Treatment Equipment	4,162,778	—	—	4,162,778
Other Equipment	55,675	—	—	55,675
	13,917,905	—	—	13,917,905
Less Accumulated Depreciation				
Source of Supply	20,600	1,547	—	22,147
Pumping Plant	147,678	12,031	—	159,709
Water Treatment Plant	1,201	59,347	—	60,548
Transmission and Distribution Plant	947,666	13,064	—	960,730
General Plant	63,683	184	—	63,867
Plant and Lift Station	788,069	97,425	—	885,494
Treatment Equipment	507,001	62,306	—	569,307
Other Equipment	12,897	6,949	—	19,846
	2,488,795	252,853	—	2,741,648
Total Net Depreciable Capital Assets	11,429,110	(252,853)	—	11,176,257
Total Net Capital Assets	11,816,217	2,056,817	—	13,873,034

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities - Continued

Depreciation expense was charged to business-type activities as follows:

	Depreciation	Share of Meter Depreciation	Depreciation Expense
Water Utility	$ 86,173	(1,208)	84,965
Wastewater Utility	166,680	1,208	167,888
	252,853	—	252,853

LEASES RECEIVABLE

The Village is a lessor on the following lease at year end:

Leases	Start Date	End Date	Payments	Interest Rate
Cellular 1	July 31, 1998	July 31, 2027	$13,000 - $26,148 annually	3.50%

During the fiscal year, the Village has recognized $22,787 of lease revenue. There were no variable or other payments not previously included in the measurement of the lease receivable recognized in the current year. The future principal and interest lease payments as of the year-end were as follows:

Fiscal	Business-Type Activities	
Year	Principal	Interest
2026	$ 24,410	9,079
2027	25,255	8,705
	49,665	17,784

NOTE 3 - DETAIL NOTES ON ALL FUNDS

SHORT-TERM OBLIGATIONS

State Trust Fund Loans

The Village issued state trust fund loans to purchase land for its fire station. State trust fund loans have been issued through the General Fund and are direct obligations and pledge the full faith and credit of the Village. State trust fund loans currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
$820,000 State Trust Fund Loan of 2025, due in annual installments of $156,842 to $179,351 plus interest at 5.50% through maturity on March 15, 2030.	General	$ —	820,000	820,000	—

LONG-TERM OBLIGATIONS

Notes Payable

The Village enters into notes payable to provide funds for acquisition of capital assets. Notes payable have been issued for governmental and business-type activities. Notes payable are direct obligations and pledge the full faith and credit of the Village. Notes payable currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
$8,328,883 General Obligation Promissory Notes of 2023, due in annual installments of $379,837 to $503,286 plus interest at 1.56% through maturity on May 1, 2041.	Wastewater Utility	$ 7,581,058	—	392,872	7,188,186
$10,225,000 General Obligation Promissory Notes of 2025A, due in annual installments of $255,000 to $755,000, plus interest at 4.00% to 5.00% through maturity on May 1, 2045.	General	—	8,900,000	—	8,900,000
	Tax Increment District No. 1	—	835,000	—	835,000
	Water Utility	—	490,000	—	490,000
		7,581,058	10,225,000	392,872	17,413,186

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Long-Term Liabilities Activity

Type of Debt		Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities						
Net Pension Liability - WRS	$	15,244	5,140	—	20,384	—
Notes Payable		—	9,735,000	—	9,735,000	240,000
Plus: Unamortized Premium		—	332,317	—	332,317	17,490
		15,244	10,072,457	—	10,087,701	257,490
Business-Type Activities						
Notes Payable	$	7,581,058	490,000	392,872	7,678,186	414,001
Plus: Unamortized Premium		—	16,726	—	16,726	880
		7,581,058	506,726	392,872	7,694,912	414,881

For governmental activities, payments on the net pension liability are being expended by the General Fund and payments on the notes payables are being made by the General and Tax Increment District No. 1 Funds.

For business type activities, payments on the notes payables are being made by the Water Utility and Wastewater Utility Funds.

Legal Debt Margin

The Wisconsin Statutes restrict the Village's general obligation debt to 5% of the equalized value of all property in the Village. This amount is compared below with the outstanding debt on December 31, 2025.

Equalized Value - 2024	$ 1,038,216,800
Bonded Debt Limit - 5.00% of Equalized Value	51,910,840
Amount of Debt Applicable to Limit	17,413,186
Legal Debt Margin	34,497,654

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

	Governmental Activities		Business-Type Activities	
	Notes Payable		Notes Payable	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 240,000	527,691	414,001	127,083
2027	330,000	433,981	420,225	124,520
2028	345,000	407,106	431,547	117,274
2029	360,000	399,481	437,967	109,803
2030	380,000	380,981	444,487	102,232
2031	390,000	361,731	451,109	94,559
2032	405,000	341,857	457,835	86,781
2033	420,000	321,231	464,665	78,897
2034	440,000	299,731	476,602	70,782
2035	460,000	277,231	483,647	62,432
2036	475,000	253,856	490,801	53,971
2037	495,000	232,081	498,068	45,523
2038	510,000	211,663	505,448	37,069
2039	525,000	189,987	517,943	28,363
2040	545,000	167,250	525,555	19,417
2041	565,000	143,309	533,286	10,332
2042	705,000	115,087	30,000	5,075
2043	705,000	83,362	30,000	3,725
2044	720,000	50,850	30,000	2,356
2045	720,000	17,100	35,000	831
Totals	9,735,000	5,215,566	7,678,186	1,181,025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental fund financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy: The Village's policy states that the General Fund should maintain a minimum fund balance policy equal to 25% of budgeted operating expenditures.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects Tax Increment District No. 1	Totals
Fund Balances			
Nonspendable			
Inventory	$ 31,098	—	31,098
Restricted			
Capital Projects	7,959,714	—	7,959,714
Unassigned	3,407,814	(3,072,427)	335,387
Total Fund Balances	11,398,626	(3,072,427)	8,326,199

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2025:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation	$	5,789,885
Plus: Unspent Bond Proceeds		7,959,714
Less Capital Related Debt:		
Notes Payable		(9,735,000)
Unamortized Premium		(332,317)
Net Investment in Capital Assets		3,682,282
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		13,873,034
Less Capital Related Debt:		
Notes Payable		(7,694,912)
Net Investment in Capital Assets		6,178,122

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

From time to time, the Village is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. 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.

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Wisconsin Retirement System (WRS)

Plan Descriptions

Plan Administration. The Wisconsin Retirement System (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 onely be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued

Plan Descriptions - Continued

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2015	2.9%	2.0%
2016	0.5%	(5.0%)
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	—%	(10.0%)
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%
2023	1.6%	(21.0%)
2024	3.6%	15.0%

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued.

Plan Descriptions - Continued

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

During the reporting period, the WRS recognized $21,836 in contributions from the employer.

Contributions rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executive, and elected official)	6.90%	6.90%
Protective Occupation with Social Security	6.90%	14.30%
Protective Occupation without Social Security	6.90%	19.10%
Act 4 Protective County Jailers	14.30%	6.90%

Pension Liabilties, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the Village reported a net pension liability of $20,384 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village’s proportion of the net pension liability was based on the Village’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village’s proportion was 0.00124054%, which was an increase of 0.00021523% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Village recognized pension expense of $26,634.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued

Pension Liabilties, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2025, 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	Totals
Differences Between Expected and Actual Experience	$ 63,303	(59,485)	3,818
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	30,975	—	30,975
Changes of Assumptions	6,048	—	6,048
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5	(2,342)	(2,337)
Total Pension Expense to be Recognized in Future Periods	100,331	(61,827)	38,504
Pension Contributions Made Subsequent to the Measurement Date	21,836	—	21,836
Total Deferred Amounts Related to Pensions	122,167	(61,827)	60,340

$21,836 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	$ 11,503
2027	41,572
2028	(11,041)
2029	(3,530)
2030	—
Thereafter	—
Total	38,504

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued

Actuarial Assumptions

Actuarial Valuation Date	December 31, 2023
Measurement Date of Net Pension Liability (Asset)	December 31, 2024
Experience Study	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.80%
Discount Rate	6.80%
Salary Increases	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.70%
Mortality	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.70%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

The total pension liability in the December 31, 2024, actuarial valuation was determined using these actuarial assumptions.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued

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	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	7.0%	4.3%
Public Fixed Income	27.0%	6.1%	3.4%
Private Equity/Debt	20.0%	9.5%	6.7%
Inflation Sensitive	19.0%	4.8%	2.1%
Real Estate	8.0%	6.5%	3.8%
Leverage	(12.0%)	3.7%	1.1%
Total Core Fund	100.0%	7.5%	4.8%
Variable Fund Asset Class			
U.S. Equities	70.0%	6.5%	3.8%
International Equities	30.0%	7.4%	4.7%
Total Variable Fund	100.0%	6.9%	4.2%

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Wisconsin Retirement System (WRS) - Continued

Sensitivity of the Village's Proportionate Share of the Net Pension Liability 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, 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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.80%)	Current Rate (6.80%)	1% Increase (7.80%)
Village's Proportionate Share of the Net Pension Liability/(Asset)	$ 191,229	20,384	(100,996)

Pension Plan Fiduciary Net Position

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

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions - Last Ten Fiscal Years
  Wisconsin Retirement System Fund
- Schedule of Proportionate Share of the Net Pension Liability/(Asset)
  Wisconsin Retirement System Fund
- Notes to the Required Supplementary Information
  Wisconsin Retirement System Fund
- Budgetary Comparison Schedule
  General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

Wisconsin Retirement System
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2025

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 6,591	$ 6,591	$ —	$ 99,872	6.60%
2017	7,035	7,035	—	103,469	6.80%
2018	7,157	7,157	—	106,822	6.70%
2019	7,318	7,318	—	111,736	6.55%
2020	8,097	8,097	—	119,959	6.75%
2021	9,037	9,037	—	133,884	6.75%
2022	9,686	9,686	—	149,015	6.50%
2023	18,855	18,855	—	277,286	6.80%
2024	20,654	20,654	—	299,339	6.90%
2025	21,836	21,836	—	314,161	6.95%

Wisconsin Retirement System Fund
Schedule of Proportionate Share of the Net Pension Liability/(Asset)
December 31, 2025

Fiscal Year	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Contributions as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	0.00090950%	$ 7,496	$ 99,872	7.51%	99.12%
2018	0.00069344%	(20,589)	103,469	(19.90%)	102.93%
2019	0.00069422%	24,698	106,822	23.12%	96.45%
2020	0.00069650%	(22,458)	111,736	(20.10%)	102.96%
2021	0.00070415%	(43,961)	119,959	(36.65%)	105.26%
2022	0.00073205%	(59,004)	133,884	(44.07%)	106.02%
2023	0.00077294%	40,948	149,015	27.48%	95.72%
2024	0.00102531%	15,244	277,286	5.50%	98.85%
2025	0.00124054%	20,384	299,339	6.81%	98.79%

Notes:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

The amounts presented were determined as of the prior fiscal-year end.

Wisconsin Retirement System
Notes to the Required Supplementary Information
December 31, 2025

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

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

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

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

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

Wisconsin Retirement System
Notes to the Required Supplementary Information - Continued
December 31, 2025

Valuation Date	December 31, 2022
Actuarial Cost Method	Frozen Entry Age
Amortization Method	Level Percent of Payroll-Closed Amortization Period
Amortization Period	30 Years closed from date of participation in WRS
Asset Valuation Method	Five Year Smoothed Market (Closed)
Actuarial Assumptions	
Net Investment Rate of Return	5.40%
Weighted Based on Assumed Rate for:	
Pre-Retirement	6.80%
Post-Retirement	5.00%
Salary Increases	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.70%
Post Retirement Benefit Adjustments*	1.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.
Mortality	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.

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

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Revenues			
Taxes	$ 1,465,426	1,465,426	1,678,929
Intergovernmental	307,488	307,488	413,825
Licenses and Permits	164,660	197,710	228,404
Public Charges for Services	58,900	58,900	60,335
Fines and Forfeitures	—	—	570
Investment Income	100,000	119,500	234,798
Miscellaneous	13,400	3,400	6,707
Total Revenues	2,109,874	2,152,424	2,623,568
Expenditures			
General Government	566,718	590,918	590,600
Public Safety	600,470	633,520	632,983
Public Works	712,823	712,823	1,021,972
Health and Human Services	4,000	3,500	3,100
Culture and Recreation	26,700	12,000	12,000
Conservation and Development	47,500	40,500	40,190
Capital Outlay	381,118	2,603,618	2,265,286
Debt Service			
Interest and Fiscal Charges	—	282,069	288,730
Total Expenditures	2,339,329	4,878,948	4,854,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,455)	(2,726,524)	(2,231,293)
Other Financing Sources			
Debt Issuance	100,000	2,315,000	8,900,000
Premium on Debt Issuance	—	—	303,813
Transfers In	129,457	129,457	806,683
	229,457	2,444,457	10,010,496
Net Change in Fund Balance	2	(282,067)	7,779,203
Fund Balance - Beginning			3,619,423
Fund Balance - Ending			11,398,626

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule - Major Governmental Fund
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major Fund.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital assets (other than those financed by business-type/proprietary funds).

Tax Increment Financing District No. 1

The Tax Increment Financing District No. 1 is used to account for the Village's capital projects.

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water Utility Fund

The Water Utility Fund is used to account for the operations of the water distribution system.

Wastewater Utility Fund

The Wastewater Utility Fund is used to account for the operations of the sewage treatment plant, sewage pumping stations, and collection systems.

Stormwater Utility Fund

The Stormwater Utility Fund is used to account for the operations of the stormwater system.

CUSTODIAL FUND

The Custodial Funds are used to account for assets held by the Village in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units

Tax Collection Fund

The Tax Collection Fund is used to account for the taxes and deposits collected by the Village, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

General Fund
Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Taxes			
Property Tax	$ 1,267,498	1,267,498	1,572,272
Mobile Home Fees	71,000	71,000	57,344
Sales and Use Tax	7,000	7,000	1,612
Payments in Lieu of Taxes	47,376	47,376	47,376
Interest and Penalties on Taxes	72,552	72,552	325
	1,465,426	1,465,426	1,678,929
Intergovernmental			
State Shared Taxes	167,054	167,054	169,937
State Grants	140,434	140,434	140,410
Other State Payments	—	—	103,478
	307,488	307,488	413,825
Licenses and Permits	164,660	197,710	228,404
Public Charges for Services	58,900	58,900	60,335
Fines, Forfeits, and Penalties	—	—	570
Investment Income	100,000	119,500	234,798
Miscellaneous	13,400	3,400	6,707
Total Revenues	2,109,874	2,152,424	2,623,568

VILLAGE OF YORKVILLE, WISCONSIN

General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
General Government			
Legislative	$ 62,084	62,084	64,003
Judicial	3,000	4,000	3,831
Legal	70,000	85,700	85,669
General Administration	242,381	249,881	249,839
Financial Administration	134,410	134,410	131,853
General Buildings and Plant	30,538	30,538	29,863
Other General Government	24,305	24,305	25,542
	566,718	590,918	590,600
Public Safety			
Law Enforcement	15,750	20,750	20,120
Fire Protection	485,170	485,170	485,759
Inspection	99,550	127,600	127,104
	600,470	633,520	632,983
Public Works			
Highway and Street Maintenance and Construction	406,440	406,440	715,827
Road Related Facilities	12,500	12,500	12,674
Other Transportation	131,363	131,363	131,960
Sanitation	162,520	162,520	161,511
	712,823	712,823	1,021,972
Health and Human Services			
Public Health Services	4,000	3,500	3,100
Culture and Recreation			
Recreation Programs and Events	26,700	12,000	12,000
Conservation and Development			
Planning	47,500	40,500	40,190
Capital Outlay	381,118	2,603,618	2,265,286
Debt Service			
Interest and Fiscal Charges	—	282,069	288,730
Total Expenditures	2,339,329	4,878,948	4,854,861

Tax Increment District No. 1 - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Taxes	$ 947,180	947,180	932,212
Expenditures			
General Government	7,500	7,500	446
Public Works	—	—	213
Conservation and Development	50,000	50,000	44,097
Debt Service			
Interest and Fiscal Charges	—	—	26,250
Total Expenditures	57,500	57,500	71,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	889,680	889,680	861,206
Other Financing Sources (Uses)			
Debt Issuance	—	—	835,000
Premium on Debt Issuance	—	—	28,504
Transfers Out	(889,680)	(889,680)	(1,657,683)
	(889,680)	(889,680)	(794,179)
Net Change in Fund Balance	—	—	67,027
Fund Balance - Beginning			(3,139,454)
Fund Balance - Ending			(3,072,427)

Water Utility - Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services			
Metered Sales	$ 111,000	111,000	107,384
Unmetered Sales	500	500	—
Public Fire Protection	96,099	96,099	96,099
Irrigation Sales	18,000	18,000	20,741
Other			
Penalties	100	100	549
Miscellaneous	146,418	146,418	44,605
Total Operating Revenues	372,117	372,117	269,378
Operating Expenses			
Operations and Maintenance			
Personnel Services	50,951	50,951	50,586
Contractual Services	2,387,872	2,377,872	208,229
Commodities	12,700	12,700	15,831
Other	100	10,100	—
Depreciation	64,000	64,000	84,965
Total Operating Expenses	2,515,623	2,515,623	359,611
Operating (Loss)	(2,143,506)	(2,143,506)	(90,233)
Nonoperating Revenues (Expenses)			
Investment Income	60,000	60,000	59,472
Grants	1,300,000	1,300,000	—
Other Income	27,083	27,083	14,725
Interest Expense	—	—	(5,215)
	1,387,083	1,387,083	68,982
(Loss) Before Transfers	(756,423)	(756,423)	(21,251)
Transfers In	751,537	751,537	837,938
Transfers Out	(59,114)	(59,114)	(435,896)
	692,423	692,423	402,042
Change in Net Position	(64,000)	(64,000)	380,791
Net Position - Beginning			4,210,032
Net Position - Ending			4,590,823

Wastewater Utility - Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services			
Commercial User Fees	$ 403,063	413,728	428,726
Residential User Fees	52,779	52,779	53,603
Other			
Penalties	750	5,750	6,628
Total Operating Revenues	456,592	472,257	488,957
Operating Expenses			
Operations and Maintenance			
Personnel Services	56,548	56,548	61,665
Contractual Services	676,848	698,513	289,324
Commodities	20,000	20,000	15,065
Other	6,138	6,138	2,704
Depreciation	167,000	167,000	167,888
Total Operating Expenses	926,534	948,199	536,646
Operating (Loss)	(469,942)	(475,942)	(47,689)
Nonoperating Revenues (Expenses)			
Investment Income	40,000	51,000	51,203
Interest Expense	(96,250)	(101,250)	(114,975)
	(56,250)	(50,250)	(63,772)
(Loss) Before Before Transfers	(526,192)	(526,192)	(111,461)
Transfers In	418,306	418,306	508,072
Transfers Out	(59,114)	(59,114)	(59,114)
	359,192	359,192	448,958
Change in Net Position	(167,000)	(167,000)	337,497
Net Position - Beginning			3,816,233
Net Position - Ending			4,153,730

Stormwater Utility - Nonmajor Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual
Operating Revenues			
Other			
Special Charges	$ 280,548	280,548	281,894
Operating Expenses			
Operations and Maintenance			
Contractual Services	285,670	285,670	283,728
Other	800	800	1,124
Total Operating Expenses	286,470	286,470	284,852
Operating (Loss)	(5,922)	(5,922)	(2,958)
Nonoperating Revenues			
Investment Income	—	—	113
Change in Net Position	(5,922)	(5,922)	(2,845)
Net Position - Beginning			322,345
Net Position - Ending			319,500

SUPPLEMENTAL SCHEDULE

Long-Term Debt Requirements
General Obligation Promissory Notes of 2023
December 31, 2025

Date of Issue	February 23, 2023
Date of Maturity	May 1, 2041
Authorized Issue	$8,328,883
Interest Rate	1.56%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	State of Wisconsin Environmental Improvement Fund

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	$ 399,001	109,023	508,024
2027	405,225	102,751	507,976
2028	411,547	96,380	507,927
2029	417,967	89,909	507,876
2030	424,487	83,338	507,825
2031	431,109	76,665	507,774
2032	437,835	69,887	507,722
2033	444,665	63,003	507,668
2034	451,602	56,013	507,615
2035	458,647	48,913	507,560
2036	465,801	41,702	507,503
2037	473,068	34,379	507,447
2038	480,448	26,941	507,389
2039	487,943	19,388	507,331
2040	495,555	11,717	507,272
2041	503,286	3,926	507,212
	7,188,186	933,935	8,122,121

Long-Term Debt Requirements
General Obligation Promissory Notes of 2025A
December 31, 2025

Date of Issue	August 8, 2025
Date of Maturity	May 1, 2045
Authorized Issue	$10,225,000
Interest Rate	4.00% - 5.00%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	Fund

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	$ 255,000	545,751	800,751
2027	345,000	455,750	800,750
2028	365,000	428,000	793,000
2029	380,000	419,375	799,375
2030	400,000	399,875	799,875
2031	410,000	379,625	789,625
2032	425,000	358,751	783,751
2033	440,000	337,125	777,125
2034	465,000	314,500	779,500
2035	485,000	290,750	775,750
2036	500,000	266,125	766,125
2037	520,000	243,225	763,225
2038	535,000	221,791	756,791
2039	555,000	198,962	753,962
2040	575,000	174,950	749,950
2041	595,000	149,715	744,715
2042	735,000	120,162	855,162
2043	735,000	87,087	822,087
2044	750,000	53,206	803,206
2045	755,000	17,931	772,931
	10,225,000	5,462,657	15,687,656

General	$ 8,900,000
Tax Increment District No. 1	835,000
Water Utility	490,000
	10,225,000

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June 11, 2026

The Honorable Village President
Members of the Board Trustees
Village of Yorkville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville (the Village), Wisconsin for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in the Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2025. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental and business-type activities' financial statements are noted below.

Management's estimates of the:

- Depreciation expense on capital assets is based on estimated useful lives of the underlying capital assets
- Net pension related accounts are based on estimated assumptions used by the actuary

We evaluated the key factors and assumptions used to develop the above estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Findings - Continued

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Any material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 11, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information and supplemental schedules, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Board of Trustees and management of the Village and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our gratitude to the Board of Trustees and staff (in particular the Finance Department) of the Village of Yorkville, Wisconsin for their valuable cooperation throughout the audit engagement.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

VILLAGE OF YORKVILLE, WISCONSIN

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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June 11, 2026

The Honorable Village President
Members of the Board Trustees
Village of Yorkville, Wisconsin

In planning and performing our audit of the financial statements of the Village of Yorkville (the Village), Wisconsin, for the year ended December 31, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board and senior management of the Village of Yorkville, Wisconsin.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. **IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS**

Comment

Recently, we have noted the increasing importance of information technology (IT) security for local governments. While we did not identify a specific security breach during our auditing procedures, we have noted increased risks to local governments in the following areas of IT security:

- Ransomware and Phishing Attacks – Increasingly targeted at local governments due to limited IT staffing and valuable public data.
- Multi-Factor Authentication (MFA) – This is now considered a minimum standard of protection for access to email, financial systems and remote logins.
- Vendor and Third-Party Risk – Cloud service providers, software vendors, and contractors may present risks if not adequately monitored.
- Data Backup and Recovery – Secure, tested backups are critical to minimize downtime and financial loss in the event of an incident.
- Staff Awareness and Training – Many breaches in local government occur due to human error; regular training and simulated testing can help reduce exposure.

Recommendation

We recommend that the Village formally adopt an Information Technology (IT) Security and Controls Policy to strengthen its cybersecurity posture and institutionalize best practices. This policy should:

- Establish minimum security standards for access controls, including mandatory use of multi-factor authentication (MFA) for email, financial systems, and remote access.
- Define procedures for regular data backup, testing of recovery plans, and secure storage of backup files.
- Require periodic staff training on cybersecurity awareness, including phishing and social engineering threats.
- Include guidelines for evaluating and monitoring third-party vendors and cloud service providers for compliance with security standards.
- Outline incident response protocols to ensure timely and effective action in the event of a breach or system compromise.

By implementing a formal policy, the Village can better manage IT risks, protect sensitive data, and ensure continuity of operations in an increasingly complex digital environment.

Management Response

Management acknowledges this comment and will continue to monitor and strengthen IT security efforts.

2. FUNDS OVER BUDGET

Comment

During our current year-end audit procedures, we noted that the following fund had an excess of actual expenditures over budget for the fiscal year:

Fund	Excess
Tax Increment District No. 1	$ 13,506

Recommendation

We recommend the Village investigate the causes of the fund over budget and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and will work to implement it in the upcoming year.

PRIOR RECOMMENDATIONS

1. **OUTSTANDING CHECK WRITE-OFF POLICY**

Comment

Previously, we noted that the Village does not have a formal policy for following up and processing old outstanding checks, which has resulted in several old outstanding checks being included in the bank reconciliations.

Recommendation

We recommended the Village develop and implement an outstanding check policy that includes procedures to follow-up and subsequently how to process the outstanding checks. This policy should be in written form and should set specific instructions for these procedures including steps to be in compliance with State unclaimed property statutes. State unclaimed property statues note that all checks that are greater than three years old are to be sent to the Wisconsin Department of Revenue along with the required forms.

Status

This comment has been implemented and will not be repeated in the future.

2. **INVESTMENT POLICY**

Comment

Previously, we noted that the Village does not have a formal written investment policy. A well-written investment policy will provide the Board with a strong internal control for cash and investment related transactions as well as a benchmark for monitoring the success of its investment program.

Recommendation

We recommended that the Village create and adopt a formal investment policy. The policy should outline general investment objectives, authorized investments, safekeeping and custody requirements and any other information pertinent to the investment policy.

Status

This comment has been implemented and will not be repeated in the future.

3. **COLLATERALIZATION OF DEPOSITS**

Comment

Previously, the bank balances were $335,854 of which only $250,000 were insured or collateralized. There was a balance of $85,854 which was not insured or collateralized.

During our current year-end audit procedures, the bank balances were $274,184 of which only $250,000 were insured or collateralized. There was a balance of $24,184 which was not insured or collateralized.

Recommendation

Consideration should be given to having all bank deposits insured or collateralized.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management discussed this in the past. Tax collection funds are collected and deposited on our last business day in December. The cut-off time to transfer funds to the Local Government Investment Pool is earlier that day so funds remain in the local bank until the next LGIP business day.

4. **CAPITAL ASSET POLICY**

Comment

Previously, we noted the Village does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets.

Recommendation

We recommended that the Village adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommended the Village undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy. Additionally, as part of this process we recommend land be inventoried and valued at its estimated fair value on the date donated.

Status

This comment has been implemented and will not be repeated in the future.

5. **FUND BALANCE POLICY**

Comment

Previously, we noted that the Village does not have a formal fund balance policy. A fund balance policy establishes a minimum level at which the projected end-of-year fund balance/net position should be maintained, taking into account the constraints imposed upon the resources reported by the governmental and proprietary funds. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the Village will be able to respond to emergencies with fiscal strength.

It is essential to maintain adequate levels of funds balance/net position to mitigate current and future risks and to ensure tax rates. Fund balance/net position levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net position and unassigned fund balance in the General Fund to evaluate the Village's continued creditworthiness.

Recommendation

We recommended the Village create and adopt a fund balance policy to be in compliance with GASB Statement No. 54. The Village should address fund balance reporting categories (nonspendable, restricted, committed, assigned, and unassigned) as well as review minimum fund balance policies.

Status

This comment has been implemented and will not be repeated in the future.

6. **PERSONNEL FILE ORGANIZATION**

Comment

Previously and during our current year-end audit procedures, we noted that several employee personnel files were not consistent and missing pertinent information which needs to be kept on file for each Village employee.

Recommendation

We recommended that the Village implement procedures to ensure that each employee's personnel file is organized and includes all necessary information. Typically personnel files would contain a signed application of employment, state and federal withholding forms, additional withholding verification forms, a completed I-9 form, if applicable, wage verification and performance reviews, and other personnel related information.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to implement it in the upcoming year.

7. **DEFICIT FUND BALANCE**

Comment

Previously and during our current year-end audit procedures, we noted the following fund with deficit fund balance:

Fund		2024	2025
Tax Increment District No. 1	$	3,139,454	3,072,427

Recommendation

We recommended the Village investigate the causes of the various deficits and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Village's financial statements for the year ended December 31, 2026.

2. **GASB STATEMENT NO. 104 DISCLOSURE OF CERTAIN CAPITAL ASSETS**

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*, which provide users of government financial statements with essential information about certain types of capital assets. This statement establishes requirements for (1) Certain types of capital assets to be disclosed separately in the capital assets note disclosures, and (2) Capital assets held for sale, including additional disclosures for those capital assets. GASB Statement No. 104, *Disclosure of Certain Capital Assets* is applicable to the Village's financial statements for the year ended December 31, 2026.