VILLAGE OF DENMARK, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Denmark, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 schedules relating to pension and other postemployment benefits 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 GAAS, 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 the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The detailed comparisons of general fund budgeted and actual revenues and expenditures 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 GAAS. In our opinion, the detailed comparisons of general fund budgeted and actual revenues and expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
April 2, 2026

BASIC FINANCIAL STATEMENTS

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	$ 1,250,947	$ 3,322,799	$ 4,573,746
Receivables:			
Taxes and Special Charges	1,264,988	-	1,264,988
Delinquent Taxes	7,538	-	7,538
Accounts	736,341	829,834	1,566,175
Special Assessments	621,187	477,147	1,098,334
Leases	-	578,376	578,376
Other	-	80,290	80,290
Internal Balances	(6,665,448)	6,665,448	-
Prepaid Items	-	18,207	18,207
Land Held for Resale	862,255	-	862,255
Deposit	-	76,121	76,121
Restricted Assets:			
Cash and Investments	-	1,029,531	1,029,531
Capital Assets, Nondepreciable	1,588,631	42,765	1,631,396
Capital Assets, Depreciable, Net	8,551,190	21,059,786	29,610,976
Total Assets	8,217,629	34,180,304	42,397,933
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refundings	14,457	6,060	20,517
Pension Related Amounts	60,570	139,873	200,443
Other Postemployment Related Amounts	4,194	9,560	13,754
Total Deferred Outflows of Resources	79,221	155,493	234,714
LIABILITIES			
Accounts Payable	78,627	276,065	354,692
Accrued and Other Current Liabilities	15,358	19,881	35,239
Accrued Interest Payable	66,027	74,931	140,958
Long-Term Obligations:			
Due Within One Year	426,377	570,994	997,371
Due in More than One Year	8,819,808	15,471,715	24,291,523
Net Pension Liability	10,483	23,896	34,379
Due in More than One Year - Net Other Postemployment Benefits	8,498	19,373	27,871
Total Liabilities	9,425,178	16,456,855	25,882,033
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	1,736,326	-	1,736,326
Lease Related	-	578,376	578,376
Other	-	-	-
Pension Related Amounts	31,055	70,797	101,852
Other Postemployment Related Amounts	8,894	20,274	29,168
Total Deferred Inflows of Resources	1,776,275	669,447	2,445,722
NET POSITION			
Net Investment in Capital Assets	2,581,321	11,034,004	13,615,325
Restricted:			
Debt Payments	-	691,836	691,836
Equipment Replacement	-	262,764	262,764
Unrestricted	(5,485,924)	5,220,891	(265,033)
Total Net Position	$ (2,904,603)	$ 17,209,495	$ 14,304,892

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 308,240	$ 35,950	$ -	$ -
Public Safety	614,268	60,386	12,513	-
Public Works	854,606	230,549	194,862	686,071
Culture and Recreation	208,326	2,246	-	-
Conservation and Development	427,002	4,925	-	-
Interest and Fiscal Charges	274,887	-	-	-
Total Governmental Activities	2,687,329	334,056	207,375	686,071
Business-Type Activities:				
Water Utility	1,251,453	1,575,056	-	171,710
Wastewater Utility	1,721,433	1,476,519	-	689,085
Stormwater Utility	316,830	229,694	-	247,857
Total Business-Type Activities	3,289,716	3,281,269	-	1,108,652
Total	$ 5,977,045	$ 3,615,325	$ 207,375	$ 1,794,723

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:			
General Government	$ (272,290)	$ -	$ (272,290)
Public Safety	(541,369)	-	(541,369)
Public Works	256,876	-	256,876
Culture and Recreation	(206,080)	-	(206,080)
Conservation and Development	(422,077)	-	(422,077)
Interest and Fiscal Charges	(274,887)	-	(274,887)
Total Governmental Activities	(1,459,827)	-	(1,459,827)
Business-Type Activities:			
Water Utility	-	495,313	495,313
Wastewater Utility	-	444,171	444,171
Stormwater Utility	-	160,721	160,721
Total Business-Type Activities	-	1,100,205	1,100,205
Total	(1,459,827)	1,100,205	(359,622)
GENERAL REVENUES AND TRANSFERS			
Taxes:			
Property Taxes	959,398	-	959,398
Tax Increments	241,931	-	241,931
Other Taxes	24,407	-	24,407
Federal and State Grants and Other Contributions not Restricted to Specific Functions	375,564	-	375,564
Interest and Investment Earnings	78,470	201,306	279,776
Miscellaneous	72,015	-	72,015
Gain on Sale of Asset	192,711	-	192,711
Transfers	(415,760)	415,760	-
Total General Revenues and Transfers	1,528,736	617,066	2,145,802
CHANGE IN NET POSITION	68,909	1,717,271	1,786,180
Net Position - Beginning of Year	(2,973,512)	15,492,224	12,518,712
NET POSITION - END OF YEAR	$ (2,904,603)	$ 17,209,495	$ 14,304,892

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Capital Projects	Tax Incremental District No. 2	Totals
ASSETS				
Cash and Investments	$ 846,746	$ 152,951	$ 251,250	$ 1,250,947
Receivables:				
Taxes and Special Charges	714,458	-	550,530	1,264,988
Delinquent Taxes	7,538	-	-	7,538
Accounts	15,794	720,547	-	736,341
Special Assessments	93,570	-	527,617	621,187
Land Held for Resale	-	862,255	-	862,255
Total Assets	$ 1,678,106	$ 1,735,753	$ 1,329,397	$ 4,743,256
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 78,289	$ 338	$ -	$ 78,627
Accrued and Other Current Liabilities	15,358	-	-	15,358
Advance from Other Funds	-	684,849	5,980,599	6,665,448
Total Liabilities	93,647	685,187	5,980,599	6,759,433
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	1,185,796	-	550,530	1,736,326
Other	-	677,831	-	677,831
Special Assessments	93,570	-	524,166	617,736
Total Deferred Inflows of Resources	1,279,366	677,831	1,074,696	3,031,893
Fund Balances:				
Committed	124,152	862,255	-	986,407
Unassigned	180,941	(489,520)	(5,725,898)	(6,034,477)
Total Fund Balances	305,093	372,735	(5,725,898)	(5,048,070)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,678,106	$ 1,735,753	$ 1,329,397	$ 4,743,256

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	$ (5,048,070)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	10,139,821
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Special Assessments	617,736
Other long-term receivables	677,831
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Loss on Refundings	14,457
Deferred Outflows Related to Pensions	60,570
Deferred Inflows Related to Pensions	(31,055)
Deferred Outflows Related to Other Postemployment Benefits	4,194
Deferred Inflows Related to Other Postemployment Benefits	(8,894)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(9,108,774)
Premium on Debt	(112,085)
Compensated Absences	(25,326)
Net Pension Liability	(10,483)
Net Other Postemployment Benefit	(8,498)
Accrued Interest on Long-Term Obligations	(66,027)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ (2,904,603)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Tax Incremental District No. 2	Totals
REVENUES				
Taxes	$ 983,805	$ -	$ 241,931	$ 1,225,736
Special Assessments	2,693	-	138,621	141,314
Intergovernmental	568,574	-	14,365	582,939
Licenses and Permits	74,277	-	-	74,277
Fines and Forfeits	12,763	-	-	12,763
Public Charges for Services	190,770	53,904	-	244,674
Intergovernmental Charges for Services	2,342	-	-	2,342
Miscellaneous	314,127	15,415	17,654	347,196
Total Revenues	2,149,351	69,319	412,571	2,631,241
EXPENDITURES				
Current:				
General Government	280,341	-	12,052	292,393
Public Safety	583,597	-	-	583,597
Public Works	570,192	-	6,764	576,956
Health and Human Services	633	-	-	633
Culture and Recreation	204,729	-	-	204,729
Conservation and Development	105,516	-	109,997	215,513
Debt Service:				
Principal	272,161	-	53,950	326,111
Interest and Fiscal Charges	124,011	54,279	105,972	284,262
Capital Outlay	85,476	43,859	-	129,335
Total Expenditures	2,226,656	98,138	288,735	2,613,529
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,305)	(28,819)	123,836	17,712
OTHER FINANCING SOURCES (USES)				
Transfers In	174,578	-	128,134	302,712
Transfers Out	-	(66,328)	(652,144)	(718,472)
Total Other Financing Sources (Uses)	174,578	(66,328)	(524,010)	(415,760)
NET CHANGE IN FUND BALANCES	97,273	(95,147)	(400,174)	(398,048)
Fund Balances - Beginning of Year	207,820	467,882	(5,325,724)	(4,650,022)
FUND BALANCES - END OF YEAR	$ 305,093	$ 372,735	$ (5,725,898)	$ (5,048,070)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page	$	(398,048)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets Reported as Capital Outlay in Governmental Fund Statements		81,763
Contributed Capital Assets		-
Depreciation Expense Reported in the Statement of Activities		(486,782)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		544,757
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in in the Statement of Net Position.		
Principal Repaid		326,111
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest on Long-Term Debt		(891)
Amortization of Debt Premium and Loss on Refundings		10,266
Compensated Absences		(2,800)
Net Pension Liability		(993)
Deferred Outflows of Resources Related to Pensions		(23,913)
Deferred Inflows of Resources Related to Pensions		19,922
Net Other Postemployment Benefits Liability		2,106
Deferred Outflows of Resources Related to Other Postemployment Benefits		(2,058)
Deferred Inflows of Resources Related to Other Postemployment Benefits		(531)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$	68,909

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 982,602	$ 982,602	$ 983,805	$ 1,203
Special Assessments	2,264	2,264	2,693	429
Intergovernmental	567,891	567,891	568,574	683
Licenses and Permits	50,700	50,700	74,277	23,577
Fines and Forfeits	15,500	15,500	12,763	(2,737)
Public Charges for Services	177,200	177,200	190,770	13,570
Intergovernmental Charges for Services	7,800	7,800	2,342	(5,458)
Miscellaneous	102,785	102,785	314,127	211,342
Total Revenues	1,906,742	1,906,742	2,149,351	242,609
EXPENDITURES				
Current:				
General Government	230,588	230,588	280,341	(49,753)
Public Safety	588,546	588,546	583,597	4,949
Public Works	648,261	648,261	570,192	78,069
Health and Human Services	-	-	633	(633)
Culture and Recreation	188,869	188,869	204,729	(15,860)
Conservation and Development	97,165	97,165	105,516	(8,351)
Debt Service:				
Principal	167,606	167,606	272,161	(104,555)
Interest and Fiscal Charges	123,707	123,707	124,011	(304)
Capital Outlay	91,000	91,000	85,476	5,524
Total Expenditures	2,135,742	2,135,742	2,226,656	(90,914)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(229,000)	(229,000)	(77,305)	151,695
OTHER FINANCING SOURCES				
Transfers In	96,000	96,000	174,578	78,578
NET CHANGE IN FUND BALANCE	(133,000)	(133,000)	97,273	230,273
Fund Balance - Beginning of Year	207,820	207,820	207,820	-
FUND BALANCE - END OF YEAR	$ 74,820	$ 74,820	$ 305,093	$ 230,273

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
ASSETS				
Current Assets:				
Cash and Investments	$ 1,471,948	$ 1,728,421	$ 122,430	$ 3,322,799
Receivables:				
Customer Accounts	397,376	373,623	58,835	829,834
Special Assessments	189,864	116,989	170,294	477,147
Leases	25,312	-	-	25,312
Other	-	24,189	-	24,189
Prepaid Items	16,680	1,238	289	18,207
Total Current Assets	2,101,180	2,244,460	351,848	4,697,488
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	356,359	517,130	156,042	1,029,531
Receivables:				
Leases	553,064	-	-	553,064
Other	-	56,101	-	56,101
Advance to Other Funds	1,930,847	2,747,793	1,986,808	6,665,448
Deposit	76,121	-	-	76,121
Total Noncurrent Assets	2,916,391	3,321,024	2,142,850	8,380,265
Capital Assets:				
Nondepreciable	15,117	27,648	-	42,765
Depreciable, Net	8,997,197	7,403,959	4,658,630	21,059,786
Total Capital Assets	9,012,314	7,431,607	4,658,630	21,102,551
Total Assets	14,029,885	12,997,091	7,153,328	34,180,304
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refundings	4,399	1,661	-	6,060
Pension Related Amounts	57,188	75,055	7,630	139,873
Other Postemployment Related Amounts	3,970	5,060	530	9,560
Total Deferred Outflows of Resources	65,557	81,776	8,160	155,493

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 42,432	$ 232,375	$ 1,258	$ 276,065
Accrued and Other Current Liabilities	6,334	13,117	430	19,881
Accrued Interest	28,382	30,492	16,057	74,931
Current Portion of Long-Term Debt	204,264	311,630	55,100	570,994
Total Current Liabilities	281,412	587,614	72,845	941,871
Long-Term Obligations				
Less Current Portion:				
General Obligation Debt	185,069	166,899	40,000	391,968
Revenue Bonds	5,319,470	6,275,876	3,407,100	15,002,446
Debt Premium	4,444	3,590	735	8,769
Compensated Absences	33,074	28,831	6,627	68,532
Net Pension Liability	9,924	12,648	1,324	23,896
Net Other Postemployment Benefits	8,046	10,254	1,073	19,373
Total Long-Term Liabilities	5,560,027	6,498,098	3,456,859	15,514,984
Total Liabilities	5,841,439	7,085,712	3,529,704	16,456,855
DEFERRED INFLOWS OF RESOURCES				
Lease Related	578,376	-	-	578,376
Pension Related Amounts	29,402	37,472	3,923	70,797
Other Postemployment Related Amounts	8,420	10,731	1,123	20,274
Total Deferred Inflows of Resources	616,198	48,203	5,046	669,447
NET POSITION				
Net Investment in Capital Assets	4,628,394	3,242,214	3,163,396	11,034,004
Restricted:				
Debt Payments	327,977	223,874	139,985	691,836
Equipment Replacement	-	262,764	-	262,764
Unrestricted	2,681,434	2,216,100	323,357	5,220,891
Total Net Position	$ 7,637,805	$ 5,944,952	$ 3,626,738	$ 17,209,495

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
OPERATING REVENUES				
Charges for Services	$ 1,559,447	$ 1,098,982	$ 229,694	$ 2,888,123
Other	15,609	377,537	-	393,146
Total Operating Revenues	1,575,056	1,476,519	229,694	3,281,269
OPERATING EXPENSES				
Operation and Maintenance	796,927	917,967	123,230	1,838,124
Depreciation	298,521	629,476	97,222	1,025,219
Taxes	10,716	1,093	-	11,809
Total Operating Expenses	1,106,164	1,548,536	220,452	2,875,152
OPERATING INCOME (LOSS)	468,892	(72,017)	9,242	406,117
NONOPERATING REVENUES (EXPENSES)				
Interest Income	120,293	66,004	15,009	201,306
Interest and Fiscal Charges	(145,289)	(172,897)	(96,378)	(414,564)
Total Nonoperating Revenues (Expenses)	(24,996)	(106,893)	(81,369)	(213,258)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	443,896	(178,910)	(72,127)	192,859
Capital Contributions	159,677	-	-	159,677
Capital Grants	12,033	689,085	247,857	948,975
Transfers In	-	652,144	-	652,144
Transfers Out	(179,663)	(34,613)	(22,108)	(236,384)
CHANGE IN NET POSITION	435,943	1,127,706	153,622	1,717,271
Net Position - Beginning of Year	7,201,862	4,817,246	3,473,116	15,492,224
NET POSITION - END OF YEAR	$ 7,637,805	$ 5,944,952	$ 3,626,738	$ 17,209,495

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 1,565,927	$ 1,473,145	$ 336,568	$ 3,375,640
Cash Paid for Employee Wages and Benefits	(182,871)	(273,633)	(24,876)	(481,380)
Cash Paid to Suppliers	(681,557)	(611,636)	(97,221)	(1,390,414)
Net Cash Provided by Operating Activities	701,499	587,876	214,471	1,503,846
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from Other Funds	2,406	4,370	4,582	11,358
Transfers In	-	652,144	-	652,144
Transfer Out	(179,663)	(34,613)	(22,108)	(236,384)
Net Cash Provided (Used) by Noncapital Financing Activities	(177,257)	621,901	(17,526)	427,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(55,720)	(1,780,615)	(253,975)	(2,090,310)
Capital Grants and Contributions	144,990	689,085	247,857	1,081,932
Advances Paid to Other Funds	(349,092)	(303,052)	-	(652,144)
Collection on Other Receivables	-	26,803	-	26,803
Special Assessments Collected	85,795	36,969	50,178	172,942
Proceeds from Issuance of Long-Term Debt	68,187	1,086,907	-	1,155,094
Lease Payments Received	10,990	-	-	10,990
Principal Paid on Long-Term Debt	(196,337)	(276,526)	(53,800)	(526,663)
Interest Paid on Long-Term Debt	(144,677)	(171,299)	(96,689)	(412,665)
Net Cash Used for Capital and Related Financing Activities	(435,864)	(691,728)	(106,429)	(1,234,021)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	109,303	66,004	15,009	190,316
CHANGE IN CASH AND INVESTMENTS	197,681	584,053	105,525	887,259
Cash and Investments - Beginning of Year	1,630,626	1,661,498	172,947	3,465,071
CASH AND INVESTMENTS - END OF YEAR	$ 1,828,307	$ 2,245,551	$ 278,472	$ 4,352,330

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water Utility	Wastewater Utility	Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 468,892	$ (72,017)	$ 9,242	$ 406,117
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	298,521	629,476	97,222	1,025,219
Depreciation Charged to Sewer Utility	6,665	(6,665)	-	-
Change in WRS Asset/Liability	515	1,525	66	2,106
Change in WRS Deferred Outflows	26,929	24,001	3,540	54,470
Change in WRS Deferred Inflows	(21,136)	(22,272)	(2,835)	(46,243)
Change in other Postemployment Benefits Liability	(2,467)	(2,174)	(333)	(4,974)
Change in Other Postemployment Benefits Deferred Outflows	2,228	2,267	299	4,794
Change in Other Postemployment Benefits Deferred Inflows	129	930	14	1,073
Change in Operating Assets and Liabilities:				
Accounts Receivables	(9,129)	(3,374)	106,874	94,371
Prepaid Items	572	-	-	572
Deposit	(10,484)	-	-	(10,484)
Accounts Payable	(62,518)	28,999	86	(33,433)
Accrued and Other Current Liabilities	(444)	4,031	(359)	3,228
Compensated Absences	3,226	3,149	655	7,030
Net Cash Provided by Operating Activities	$ 701,499	$ 587,876	$ 214,471	$ 1,503,846
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments in Current Assets	$ 1,471,948	$ 1,728,421	$ 122,430	$ 3,322,799
Cash and Investments in Restricted Assets	356,359	517,130	156,042	1,029,531
Total Cash and Investments	$ 1,828,307	$ 2,245,551	$ 278,472	$ 4,352,330
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Related Accounts Payable	$ -	$ 188,745	$ -	$ 188,745
Capital Contributions from Developer	$ 26,720	$ -	$ -	$ 26,720

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2025

ASSETS	
Cash and Investment	$ 822,376
Receivables:	
Taxes and Special Charges	2,040,196
Total Assets	2,862,572
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	2,862,572
NET POSITION	
Restricted for Other Governments	-
Total Net Position	$ -

See accompanying Notes to Basic Financial Statements.

VILLAGE OF DENMARK, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2025

ADDITIONS	
Taxes and Special Charges Collected	$ 2,585,670
DEDUCTIONS	
Payments to Other Taxing Districts:	2,585,670
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	$ -

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Village is a municipal corporation governed by an elected seven member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

<u>General Fund</u>
This is the Village’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Projects Fund

This capital projects fund is used to account for financing and construction of general governmental capital assets.

Tax Incremental District No. 2

This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 2.

The Village reports the following major enterprise funds:

Water Utility Fund

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

Wastewater Utility Fund

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

Stormwater Utility Fund

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

The Village also reports the following fiduciary fund:

Custodial Fund

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

C. Measurement Focus and Basis of Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Village’s proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

2. Property Taxes and Special Charges/Receivable

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

The Village bills its own property taxes and also levies and collects taxes for the Denmark Public School District, Brown County, and Northeast Wisconsin Technical College.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Revenue from special assessments recorded in governmental funds is recognized as collections are made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements (current portion) or “advances to / from other funds” (non-current portion).

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

6. Prepaid Items

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

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of $2,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets (Continued)

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Land improvements	15 to 35	-
Buildings	30 to 40	20 to 40
Improvements Other Than Buildings	5 to 40	25 to 100
Machinery and Equipment	3 to 15	3 to 25
Infrastructure	20 to 60	25 to 60

8. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Land held for resale is recorded at lower of cost or market value.

9. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

10. Deferred Outflows/Inflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Deferred Outflows/Inflows of Resources (Continued)

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for special assessments and other receivables. These inflows are recognized as revenues in the government-wide financial statements.

11. Long-Term Obligations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Pensions

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

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

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

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Balance

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance**. Amounts that are not in spendable form (such as prepaid items or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance**. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance**. Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- **Assigned Fund Balance**. Amounts that are constrained for specific purposes by action of Village management. The Village Board has authorized the Village Administrator to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance**. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Net Position

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets**. Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position**. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**. Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

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

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

3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.

4. Expenditures may not exceed appropriations provided by summarized function 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.

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

   The Village's total General Fund expenditures for the year ended December 31, 2025, exceeded budget by $90,914.

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2025 as follows:

Fund	Excess Expenditures
General Fund:	
General Government	$ 49,753
Health and Human Services	633
Culture and Recreation	15,860
Conservation and Development	8,351
Debt Service:	
Principal	104,555
Interest and Fiscal Charges	304

C. Deficit Fund Balance

The following fund had deficit fund balance as of December 31, 2025.

Fund	Deficit Fund Balance
Capital Projects	$ 489,520
Tax Incremental District No. 2	5,725,898

The Village anticipates this deficit will be financed with future revenues of the fund.

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2025 and 2026 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2025 budget was 3.14%. The actual limit for the Village for the 2026 budget was 7.64%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

The carrying amount of the Village's cash and investments totaled $6,425,652 on December 31, 2025 as summarized below:

Petty Cash and Cash on Hand	$	200
Deposits with Financial Institutions		1,854,661
Investments:		
Wisconsin Local Government Investment Pool		4,570,791
Total	$	6,425,652

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	$	4,573,745
Restricted Cash and Investments		1,029,531
Fiduciary Fund Statement of Net Position:		
Cash and Investments		822,376
Total	$	6,425,652

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of $1,000,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2025, $564,575 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. This entire amount was collateralized with securities held by the pledging financial institution or its trust department.

Investments

The Village has investments in the Wisconsin Local Government Investment Pool of $4,570,791 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice.

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

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025, the Wisconsin local government investment pool had a weighted average maturity of 13 days.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2025, totaled $1,029,531 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Water Utility:		
Bond Redemption Reserve	$ 356,359	To reserve additional funds for debt retirement
Wastewater Utility:		
Bond Redemption Reserve	254,366	To reserve additional funds for debt retirement
Equipment Replacement Fund	262,764	To provide funds to replace wastewater plant equipment
Total Wastewater Utility	517,130	
Stormwater Utility:		
Bond Redemption Reserve	156,042	To reserve additional funds for debt retirement
Total	$ 1,029,531	

C. Lease Receivable

The Village has entered into written agreements to rent space on the Village's water tower that provides for annual installments ranging between $31,827 - $54,183. The agreement does not include a stated interest rate, therefore, the Village has elected to use their incremental borrowing rate of 1.92% to calculate the present value of the expected lease payments. During the year ended December 31, 2025, the Village recognized $23,788 and $10,990 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

	Business-Type Activities		
Year Ending December 31,	Principal	Interest	Total
2026	$ 25,312	$ 10,509	$ 35,821
2027	26,898	9,998	36,896
2028	28,547	9,456	38,003
2029	30,263	8,881	39,144
2030	32,046	8,272	40,318
2031 - 2035	189,530	30,942	220,472
2036 - 2040	245,780	9,809	255,589
Total	$ 578,376	$ 87,867	$ 666,243

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 1,592,631	$ -	$ 4,000	$ 1,588,631
Construction in Progress	4,107	-	4,107	-
Total Capital Assets, Nondepreciable	1,596,738	-	8,107	1,588,631
Capital Assets, Depreciable:				
Improvements Other than Buildings	1,037,796	21,856	-	1,059,652
Leasehold improvements	848,262	-	-	848,262
Buildings	870,486	-	36,000	834,486
Machinery and Equipment	313,954	71,614	48,017	337,551
Infrastructure	13,379,714	-	-	13,379,714
Subtotals	16,450,212	93,470	84,017	16,459,665
Less Accumulated Depreciation for::				
Improvements Other than Buildings	524,051	28,337	-	552,388
Leasehold improvements	666,202	11,017	-	677,219
Buildings	293,273	27,830	32,400	288,703
Machinery and Equipment	173,751	43,132	48,017	168,866
Infrastructure	5,844,833	376,466	-	6,221,299
Subtotals	7,502,110	486,782	80,417	7,908,475
Total Capital Assets, Depreciable, Net	8,948,102	(393,312)	3,600	8,551,190
Governmental Activities Capital Assets, Net	$ 10,544,840	$ (393,312)	$ 11,707	10,139,821
Less: Related Long-Term Debt				7,460,534
Less: Debt Premium				112,085
Less: Capital Related Accounts Payable				338
Add: Deferred Charge on Refunding				14,457
Net Investment in Capital Assets				$ 2,581,321

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

Governmental Activities:	
General Government	$ 3,121
Public Safety	28,357
Public Works	269,889
Culture and Recreation	24,599
Conservation & Development	160,816
Total Depreciation Expense - Governmental Activities	$ 486,782

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	$ 42,765	$ -	$ -	$ 42,765
Construction in Progress	2,801,925	-	2,801,925	-
Total Capital Assets, Nondepreciable	2,844,690	-	2,801,925	42,765
Capital Assets, Depreciable:				
Improvements Other than Buildings	14,808,945	61,630	13,508	14,857,067
Buildings	4,713,084	4,378,908	-	9,091,992
Machinery and Equipment	9,370,247	253,975	-	9,624,222
Infrastructure	4,286,558	-	-	4,286,558
Subtotals	33,178,834	4,694,513	13,508	37,859,839
Less Accumulated Depreciation for:				
Improvements Other than Buildings	2,622,853	223,037	13,508	2,832,382
Buildings	4,027,929	260,978	-	4,288,907
Machinery and Equipment	8,439,269	476,906	-	8,916,175
Infrastructure	698,291	64,298	-	762,589
Subtotals	15,788,342	1,025,219	13,508	16,800,053
Total Capital Assets, Depreciable, Net	17,390,492	3,669,294	-	21,059,786
Business-Type Activities Capital Assets, Net	$ 20,235,182	$ 3,669,294	$ 2,801,925	21,102,551
Less: Related Long-Term Debt				9,877,093
Less: Debt Premium				8,769
Less: Capital Related Accounts Payable				188,745
Add: Deferred Charge on Refunding				6,060
Net Investment in Capital Assets				$ 11,034,004

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

Business-Type Activities:	
Water Utility	$ 298,521
Sewer Utility	629,476
Stormwater Utility	97,222
Total Depreciation Expense - Business-Type Activities	$ 1,025,219

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables, and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered.

	Interfund Receivables	Interfund Payables
Long-Term Advances to Finance Project Expenditures:		
Capital Projects Fund	$ -	684,849
Tax Incremental District No. 2	-	5,980,599
Enterprise Funds:		
Water Utility	1,930,847	-
Wastewater Utility	2,747,793	-
Stormwater Utility	1,986,808	-
Subtotal	6,665,448	6,665,448
Totals	$ 6,665,448	$ 6,665,448

Interfund transfers for the year ended December 31, 2025, were as follows:

Fund	Transfers In	Transfers Out
Governmental Funds:		
General	$ 174,578	$ -
Capital Projects		66,328
Tax Increment District No. 2	128,134	652,144
Enterprise Funds:		
Water Utility		179,663
Wastewater Utility	652,144	34,613
Stormwater Utility	-	22,108
Subtotal - Enterprise Funds	652,144	236,384
Totals	$ 954,856	$ 954,856

Tax Equivalent Payment Made by Water Utility to General Fund	$ 108,250
Resources to Fund Project Expenditures	(524,010)
Total Government-Wide Financial Statement Transfers	$ (415,760)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2025:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	$ 3,953,856	$ -	$ 215,555	$ 3,738,301	$ 314,038
Notes	1,335,000	-	50,000	1,285,000	50,000
Notes from Direct Borrowings and Direct Placements	265,529	-	6,606	258,923	6,839
Total General Obligation Debt	5,554,385	-	272,161	5,282,224	370,877
Revenue Bonds - Direct Borrowings and Direct Placements	3,880,500	-	53,950	3,826,550	55,500
Debt Premium	129,578	-	17,493	112,085	-
Compensated Absences	22,526	2,800	-	25,326	-
Governmental Activities Long-Term Obligations	$ 9,586,989	$ 2,800	$ 343,604	$ 9,246,185	$ 426,377
Business-Type Activities:					
General Obligation Debt:					
Bonds	$ 542,276	$ -	$ 74,346	$ 467,930	$ 75,962
Revenue Bonds - Direct Borrowings and Direct Placements	14,794,701	1,155,094	452,317	15,497,478	495,032
Debt Premium	10,222	-	1,453	8,769	-
Compensated Absences	61,502	7,030	-	68,532	-
Business-Type Activities Long-Term Obligations	$ 15,408,701	$ 1,162,124	$ 528,116	$ 16,042,709	$ 570,994

Total interest paid during the year on long-term debt totaled $573,102.

The change in compensated absences as presented above are presented as the net change.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
General Obligation Refunding Bonds	10/18/16	12/1/27	2.00%	$ 1,215,000	$ 271,232
General Obligation Notes	7/9/20	2/15/30	3.50%	290,000	258,923
General Obligation Refunding Bonds	5/27/21	3/1/38	1.9 - 2.4%	4,250,000	3,935,000
General Obligation Notes	9/19/24	3/1/38	5.00%	1,335,000	1,285,000
Total Outstanding General Obligation Debt					$ 5,750,155

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of $5,750,155 on December 31, 2025, are detailed below:

	Governmental Activities					
Year Ended	Bonded Debt		Notes from Direct Borrowings and Direct Placements		Totals	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 364,038	$ 134,652	$ 6,839	$ 9,011	$ 370,877	$ 143,663
2027	384,038	125,371	7,081	8,769	391,119	134,140
2028	370,000	114,340	7,331	8,519	377,331	122,859
2029	375,000	8,261	7,589	8,261	382,589	16,522
2030	165,000	103,483	230,083	7,993	395,083	111,476
2031-2035	2,000,000	326,245	-	-	2,000,000	326,245
2036-2038	1,365,225	54,265	-	-	1,365,225	54,265
Total	$ 5,023,301	$ 866,617	$ 258,923	$ 42,553	$ 5,282,224	$ 909,170

	Business-Type Activities	
Year Ended	Bonded Debt	
December 31,	Principal	Interest
2026	$ 75,962	$ 9,033
2027	76,869	7,514
2028	35,000	5,995
2029	35,000	5,295
2030	35,000	4,595
2031-2035	210,100	11,088
Total	$ 467,931	$ 43,520

The Village's outstanding notes from direct borrowings and direct placements related to governmental activities of $258,923 contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2025 was $11,104,590 as follows:

Equalized Valuation of the Village	$ 337,094,900
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	16,854,745
Debt Limitation	5,750,155
Legal Margin for New Debt	$ 11,104,590

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2025, totaled $19,324,028 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
USDA Rural Development Bond	9/28/11	9/1/51	3.375%	$ 944,000	$ 737,274
Clean Water Fund Revenue Bond	7/23/08	5/1/28	4.09%	718,621	147,893
Clean Water Fund Revenue Bond	6/22/11	5/1/31	2.86%	1,279,283	462,470
Clean Water Fund Revenue Bond	12/31/17	5/1/37	1.76%	210,178	155,159
USDA Rural Development Bond	12/12/19	5/1/59	2.38%	1,344,000	1,211,000
USDA Rural Development Bond	12/12/19	5/1/59	2.38%	1,240,000	1,117,200
Safe Drinking Water Loan	3/22/23	5/1/42	2.15%	1,711,937	1,906,569
Clean Water Fund Revenue Bond	9/25/24	5/1/44	2.74%	1,461,120	2,476,163
USDA Rural Development Bond	5/9/24	5/1/64	2.75%	3,294,000	3,248,200
USDA Rural Development Bond	5/9/24	5/1/64	2.75%	4,467,000	4,404,900
USDA Rural Development Bond	5/9/24	5/1/64	2.75%	3,506,000	3,457,200
Total Outstanding Revenue Bonds					$ 19,324,028

Annual principal and interest maturities of the outstanding revenue bonds on December 31, 2025, are detailed below:

	Governmental Activities		Business-Type Activities			
Year Ended	Direct Borrowings and Placements				Totals	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 55,500	$ 104,467	$ 495,032	$ 404,576	$ 550,532	$ 509,043
2027	57,050	102,919	508,688	390,834	565,738	493,753
2028	58,650	101,329	522,875	376,676	581,525	478,005
2029	60,300	99,693	483,920	363,201	544,220	462,894
2030	61,950	98,012	496,566	350,443	558,516	448,455
2031-2035	336,550	463,172	2,329,286	1,568,652	2,665,836	2,031,824
2036-2040	386,150	413,472	2,507,269	1,261,905	2,893,419	1,675,377
2041-2045	443,150	356,632	2,236,873	934,572	2,680,023	1,291,204
2046-2050	508,450	291,291	1,540,220	697,220	2,048,670	988,511
2051-2055	583,450	216,357	1,568,298	483,666	2,151,748	700,023
2056-2060	669,450	130,347	1,655,050	266,476	2,324,500	396,823
2061-2065	605,900	33,985	1,153,401	27,915	1,759,301	61,900
Total	$ 3,826,550	$ 2,411,676	$ 15,497,478	$ 7,126,136	$ 19,324,028	$ 9,537,812

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Utility Revenues Pledged

The Village has pledged future water, wastewater and stormwater customer revenues, net of specified operating expenses, to repay the water, wastewater and stormwater system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2064. The total principal and interest remaining to be paid on the bonds is $28,861,840. Principal and interest paid for the current year and total customer net revenues were $1,015,744 and $1,765,598 respectively.

The Village's outstanding Clean Water Fund Revenue Bonds related to business-type activities of $3,241,685 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

The holders of the USDA Rural Development Bonds hold a mortgage lien on the Village's water and sewer utility system for the life of the outstanding bond.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. WRS Pension Plan Description

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 only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 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, which can be found at https://etf.wi.gov/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 December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

Benefits Provided (Continued)

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

The WRS also provides death and disability benefits for employees.

2. Postretirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17
2019	0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. 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 year ended December 31, 2025, the WRS recognized $30,601 in contributions from the Village. Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teacher, Executives, and Elected Officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

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

At December 31, 2025, the Village reported a liability of $34,379 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.00209222%, which was a decrease of 0.00001162% from its proportion measured as of December 31, 2023. For the year ended December 31, 2025, the Village recognized pension expense of $45,887.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

At 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
Differences Between Expected and Actual Experience	$ 106,764	$ 100,325
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	52,240	-
Changes in Assumptions	10,201	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	637	1,527
Employer Contributions Subsequent to the Measurement Date	30,601	-
Total	$ 200,443	$ 101,852

The $30,601 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as an addition to the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2026	$ 20,550
2027	71,060
2028	(17,995)
2029	(5,625)
Total	$ 67,990

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability:	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:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% to 5.7%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (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:

	Target Allocation %	Destination Target Asset Allocation %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	38	7.0	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage	-12	3.7	1.1
Total Core Fund	100	7.5	4.8
Variable Fund Asset Class:			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.6%

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (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 after reflecting known changes in the Market Recognition Account. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Village’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	$ 322,517	$ 34,379	$ (170,335)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payable to the Pension Plan

At December 31, 2025, the Village reported a payable of $4,675 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2025.

H. Other Postemployment Benefits

Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements. Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

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

Contributions

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2025 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2024 are listed below:

Life Insurance
Member Contribution Rates
For the Year Ended December 31, 2024

Attained Age	Basic	Supplemental
Under 30	$0.05	$0.05
30 to 34	0.06	0.06
35 to 39	0.07	0.07
40 to 44	0.08	0.08
45 to 49	0.12	0.12
50 to 54	0.22	0.22
55 to 59	0.39	0.39
60 to 64	0.49	0.49
65 to 69	0.57	0.57

During the reporting period, the LRLIF recognized $150 in contributions from the employer.

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

At December 31, 2025, the Village reported a liability of $27,871 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.00712400%, which was a decrease of 0.00047300% from its proportion measured as of December 31, 2023.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

For the year ended December 31, 2025, the Village recognized OPEB expense of $1,527.

At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 2,900
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	384	-
Changes in Assumptions	6,839	15,632
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,531	10,636
Total	$ 13,754	$ 29,168

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

Year Ended December 31,	Expense
2026	$ (1,146)
2027	(2,978)
2028	(3,330)
2029	(4,353)
2030	(2,349)
Thereafter	(1,258)
Total	$ (15,414)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

Actuarial Assumptions. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB Liability:	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial cost Method:	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield*:	4.08%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	4.09%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% to 5.7%
Mortality:	2020 WRS Experience Mortality Table

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

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The total OPEB liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

Long-Term Expected Return on Plan Assets (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	40%	2.41%
U.S. Mortgages	Bloomberg MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount Rate. A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

Sensitivity of the Village's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 4.09%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
Village's Proportionate Share of the Net OPEB Liability	$ 37,253	$ 27,871	$ 20,641

Payable to the OPEB Plan - At December 31, 2025, the Village reported no payable for the outstanding amount of contribution to the Plan required for the year ended December 31, 2025.

I. Fund Balance

Minimum General Fund Balance Policy

The Village has adopted a minimum fund balance policy between 16.6% and 25% of the subsequent year budgeted expenditures for the general fund, not including debt service and capital outlay. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2026 General Fund Expenditures	$	2,252,705
Less Debt Service		463,895
Expenditures Subject to Minimum Fund Balance		1,788,810
Minimum Fund Balance Percent	(x) 16.6%	(x) 25%
Minimum Fund Balance Amount	$ 296,942	$ 447,203

The Village's unassigned general fund balance of $180,941 is below the minimum fund balance amount.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Balance (Balance)

Committed Fund Balances

The Village reports committed fund balances at December 31, 2025 as follows:

General Fund:		
Committed for:		
Streets	$	90,070
Park and Recreation		34,082
Total General Fund Committed Fund Balance		124,152
Capital Projects Fund:		
Land Held for Resale		862,255
Total Committed Fund Balance	$	986,407

NOTE 4 OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. The Village has not made any reductions in insurance coverage from the prior year. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

B. Contingencies

From time-to-time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management 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.

C. Significant Customers

During 2025, the water utility billed one customer $700,418. This represents 44.5% of water utility operating revenue. In addition, the wastewater utility billed one customer $813,609. This represents 55.1% of wastewater utility operating revenue. No other customer accounted for more than 10% of operating revenues.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF DENMARK, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00348538%	$ 56,637	$ 413,865	13.68%	98.20%
12/31/16	0.00296811%	24,464	308,708	7.92%	99.12%
12/31/17	0.00243341%	(72,250)	289,610	24.95%	102.93%
12/31/18	0.00204438%	72,732	311,415	23.36%	96.45%
12/31/19	0.00208794%	(67,324)	365,320	18.43%	102.96%
12/31/20	0.00212100%	(132,416)	343,704	38.53%	105.26%
12/31/21	0.00210176%	(169,405)	341,901	49.55%	106.02%
12/31/22	0.00210736%	111,641	413,013	27.03%	95.72%
12/31/23	0.00210384%	31,280	399,765	7.82%	98.85%
12/31/24	0.00209222%	34,379	419,436	8.20%	98.79%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/16	$ 20,649	$ 20,649	$ -	$ 308,708	6.69%
12/31/17	19,695	19,695	-	289,610	6.80%
12/31/18	20,865	20,865	-	311,415	6.70%
12/31/19	23,928	23,928	-	365,320	6.55%
12/31/20	23,199	23,199	-	343,704	6.75%
12/31/21	23,079	23,079	-	341,901	6.75%
12/31/22	26,845	26,845	-	413,013	6.50%
12/31/23	27,185	27,185	-	399,765	6.80%
12/31/24	29,011	29,011	-	419,436	6.90%
12/31/25	30,601	30,601	-	440,296	6.95%

See accompanying Notes to Required Supplementary Information.

VILLAGE OF DENMARK, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.00603500%	$ 18,157	$ 253,789	7.15%	44.81%
12/31/18	0.00695300%	17,941	294,000	6.10%	48.69%
12/31/19	0.00818500%	34,853	314,000	11.10%	37.58%
12/31/20	0.00651000%	35,810	260,000	13.77%	31.36%
12/31/21	0.00866200%	51,196	317,000	16.15%	29.57%
12/31/22	0.00954800%	36,376	364,000	9.99%	38.81%
12/31/23	0.00759700%	34,951	334,000	10.46%	33.90%
12/31/24	0.00712400%	27,871	409,000	6.81%	37.20%

SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	$ 134	$ 134	$ -	$ 294,000	0.05%
12/31/19	133	133	-	314,000	0.04%
12/31/20	152	152	-	260,000	0.06%
12/31/21	179	179	-	317,000	0.06%
12/31/22	190	190	-	364,000	0.05%
12/31/23	196	196	-	399,766	0.05%
12/31/24	154	154	-	420,450	0.04%
12/31/25	150	150	-	440,296	0.03%

See accompanying Notes to Required Supplementary Information.

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms:

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

Changes of Assumptions:

Based on a three-year experience study conducted in 2024 covering January 1, 2021 through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2024, including the following:

- Lowering the seniority/merit inflation rate from 0.1% to 5.6% to 0.1% to 5.7%

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

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

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

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

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

Changes in Benefit Terms and Assumptions Related to LRLIF Liabilities (Assets)

Benefit Terms:

There were no recent changes in benefit terms for any participating employer in the LRLIF.

Changes of Assumptions:

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

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

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.
- Lowering the discount rate from 2.25% to 2.17%

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF DENMARK, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget Original	Budget Final	Actual	Variance Final Budget - Positive (Negative)
Taxes:				
General Property	$ 959,399	$ 959,399	$ 959,398	$ (1)
Excess Stadium District Sales Tax	-	-	36	36
Other Taxes	2,392	2,392	2,978	586
Mobile Home	8,500	8,500	8,668	168
Room Tax	6,000	6,000	12,725	6,725
Total Taxes	982,602	982,602	983,805	1,203
Special Assessments	2,264	2,264	2,693	429
Intergovernmental:				
State:				
State Shared Taxes	327,764	327,764	328,094	330
Fire Insurance Dues	10,296	10,296	12,513	2,217
Tax-Exempt Computer Aid	2,704	2,704	2,606	(98)
Transportation	187,942	187,942	187,942	-
Recycling	9,000	9,000	6,920	(2,080)
Personal Property Aid	14,662	14,662	25,692	11,030
Other	15,523	15,523	4,807	(10,716)
Total Intergovernmental	567,891	567,891	568,574	683
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	7,700	7,700	8,490	790
Dog	1,000	1,000	1,065	65
Permits:				
Building	42,000	42,000	64,722	22,722
Total Licenses and Permits	50,700	50,700	74,277	23,577
Fines and Forfeits:				
Court Fines and Penalties	15,500	15,500	12,763	(2,737)
Public Charges for Services:				
General Government	2,000	2,000	11,879	9,879
Public Works	172,000	172,000	176,645	4,645
Leisure Activities	3,200	3,200	2,246	(954)
Total Public Charges for Services	177,200	177,200	190,770	13,570
Intergovernmental Charges for Services:				
Police	7,800	7,800	2,342	(5,458)
Miscellaneous:				
Interest on Investments	52,000	52,000	71,530	19,530
Rental of Village Property	13,550	13,550	24,178	10,628
Sale of Village Property	21,000	21,000	196,711	175,711
Other	14,500	14,500	21,708	7,208
Total Miscellaneous	102,785	102,785	314,127	211,342
Total Revenues	$ 1,906,742	$ 1,906,742	$ 2,149,351	$ 242,609

VILLAGE OF DENMARK, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
General Government:				
Municipal Court	$ 19,352	$ 19,352	$ 15,914	$ 3,438
Board	16,112	16,112	20,265	(4,153)
General Administration	250	250	-	250
Financial Administration	59,244	59,244	61,198	(1,954)
Legal Counsel	20,000	20,000	49,507	(29,507)
Assessment of Property	22,000	22,000	19,375	2,625
Elections	5,500	5,500	5,835	(335)
Village Hall	16,730	16,730	20,298	(3,568)
Property and Liability Insurance	16,000	16,000	15,731	269
Other General Government	55,400	55,400	72,218	(16,818)
Total General Government	230,588	230,588	280,341	(49,753)
Public Safety:				
Police Department	302,570	302,570	294,590	7,980
Fire Department	179,070	179,070	187,439	(8,369)
Ambulance	37,516	37,516	37,516	-
Inspection	69,390	69,390	64,052	5,338
Total Public Safety	588,546	588,546	583,597	4,949
Public Works:				
Garage and Building	19,410	19,410	25,535	(6,125)
Machinery and Equipment	8,634	8,634	9,778	(1,144)
Street Maintenance	291,240	291,240	151,453	139,787
Snow and Ice Removal	117,000	117,000	153,593	(36,593)
Garbage Collection and Recycling	211,977	211,977	229,833	(17,856)
Total Public Works	648,261	648,261	570,192	78,069
Health and Human Services:				
Animal and Insect Control	-	-	633	(633)
Culture and Recreation:				
Parks - General	188,546	188,546	204,516	(15,970)
Shelter House	323	323	213	110
Total Culture and Recreation	188,869	188,869	204,729	(15,860)
Conservation and Development:				
Planning and Zoning	32,165	32,165	42,459	(10,294)
Economic Development	60,000	60,000	60,000	-
Economic Development	5,000	5,000	3,057	(1,943)
Total Conservation and Development	97,165	97,165	105,516	(12,237)

VILLAGE OF DENMARK, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
Debt Service:				
Principal	$ 167,606	$ 167,606	$ 272,161	$ (104,555)
Interest and Fiscal Charges	123,707	123,707	124,011	(304)
Total Debt Service	291,313	291,313	396,172	(104,859)
Capital Outlay:				
General Government	10,000	10,000	6,422	3,578
Public Safety	50,000	50,000	47,748	2,252
Public Works	31,000	31,000	31,306	(306)
Total Capital Outlay	91,000	91,000	85,476	5,524
Total Expenditures	$ 2,135,742	$ 2,135,742	$ 2,226,656	$ (94,800)

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

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

Village Board
Village of Denmark, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Denmark, Wisconsin (the Village), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village of Denmark, Wisconsin's basic financial statements, and have issued our report thereon dated April 2, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Village of Denmark, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
April 2, 2026

Section I – Financial Statement Findings

Finding No.	FINANCIAL STATEMENT FINDINGS
2025-001	**Preparation of Annual Financial Report**
Type of Finding:	Material Weakness in Internal Control Over Financial Reporting
Condition:	Current Village staff maintains accounting records which reflect the Village's financial transactions; however, preparing the Village's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Village's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria or Specific Requirement:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect, and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Effect:	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Cause:	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Repeat Finding:	Repeat of Finding 2024-001
Recommendation:	We recommend the Village continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff is necessary to obtain a complete and adequate understanding of the Village's annual financial report.
Management's Response:	There is no disagreement with the audit finding. Management will continue to have appropriate staff review and approve draft financial statements prior to issuance.

Section I – Financial Statement Findings (Continued)

Finding No.	**FINANCIAL STATEMENT FINDINGS**
2025-002	**Adjustments to the Village's Financial Records**
Type of Finding:	Material Weakness in Internal Control Over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Village's financial statements.
Criteria or Specific Requirement:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Repeat Finding	Repeat of Finding 2024-002
Recommendation:	We recommend the Village designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management's Response:	There is no disagreement with the audit finding. The Village will continue to refine financial policies and procedures.

Section I – Financial Statement Findings (Continued)

Finding No.	**FINANCIAL STATEMENT FINDINGS**
2025-003	**Segregation of Duties – Clerk/Treasurer**
Type of Finding:	Material Weakness in Internal Control Over Financial Reporting
Condition:	Management is responsible for the design, implementation and maintenance of an appropriate system of internal control. Proper segregation of duties is an important aspect of any control system. The limited size of the Village's office staff prevents the ideal separation of functions. Limitations or weaknesses in segregation of duties currently exist in following transaction cycles: • Utility billing • Cash receipting • Journal entry processing
Criteria or Specific Requirement:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village's operations and the key role in which the Clerk and Treasurer serve in transaction processing and maintaining the Village's general ledger.
Repeat Finding:	Repeat of Finding 2024-003
Recommendation:	We recommend the Village Board continue to be aware of the weaknesses in the Village's segregation of duties and that they continue to monitor the transactions and the financial records of the Village.
Management's Response:	Management and the Board are conscious of the Village's staffing limitations. The Village Board will continue to monitor the transactions and financial records of the Village. At this time, Management believes that the incremental cost of further segregating the cash receipting, utility billing, and adjusting journal entry procedures is not cost beneficial.