City of Fort Atkinson

Financial Statements and
Supplementary Information

December 31, 2025

City of Fort Atkinson

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Independent Auditors' Report

To the City Council of
City of Fort Atkinson

Adverse and Unmodified Opinions

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

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City as of December 31, 2025, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the City's legally separate component unit, the Fort Atkinson Historical Society. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component unit on the discretely presented component unit have not been determined.

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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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Baker Tilly US, LLP

Madison, Wisconsin
April 29, 2026

CITY OF FORT ATKINSON

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
As of and for the Year Ended December 31, 2025

The management of the City of Fort Atkinson (the City) offers all persons interested in the financial position of the City, this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2025. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's total net position totaled $86 million. $39.9 million was related to governmental activities and $46.1 million to business-type activities. Events that had major impacts on the City's 2025 financials were:

- Main Street and Janesville Avenue Corridor - $12,671
- Classification and Compensation Study - $20,475
- Street Program: McMillen, Memorial, Erick and Cramer - $2,766,333
- Street Program: Trillium Drive, Peony Place - $4,445,752
- Municipal Building Office Remodel - $34,129
- Municipal Building LED Upgrade - $14,200
- Kiwanis Park and Football Field Improvements - $47,917
- Aquatic Center Upgrades - $30,926
- Jones Park Batting Cages - $28,065
- Public Works F250 - $49,857
- Parks Department F150 - $45,582
- Public Works Mower - $14,800
- Public Works Pavement Saw - $11,150
- Public Works Cracker Router - $22,250
- Park Department ABI Force Laser Grading Machine - $19,000
- Fire Department 5’ Hose - $16,168
- Police Department Squad Cars - $138,000
- Police Department Electronic Control Devices - $14,985
- Haumersons’ Pond Accessory Building - $161,310

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's financial status.

- The remaining statements are fund financial statements that focus on individual parts of city government, reporting the City's operations in more detail than the government-wide statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of the required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position – the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The government-wide financial statements of the City are divided into three categories:

- Governmental activities – Most of the City's basic services are included here, such as police, fire, public works, park and recreation, library, and general administration. Property taxes and state aid finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, sewer, and stormwater system are included here.
- Fiduciary activities – Included in these activities are collections of all property taxes in the City for all taxing jurisdictions.

FUND FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, transportation improvements, general debt service, TIF District No.9, and capital improvements project which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and other funds. A budgetary comparison statement has been provided for the general fund and transportation improvements fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains three different proprietary funds (water, sewer, and stormwater utilities), all of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City is the trustee, or fiduciary, for collection of all property taxes within the City for all taxing districts including the School District of Fort Atkinson, Madison Area Technical College and Jefferson County. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation.

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

Other Information – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund and transportation improvements fund to demonstrate compliance with the budget along with additional information about the City's pension and other postemployment benefits.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

A summary of the City's Statement of Net Position is presented below in Table 1.

Table 1
Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 30,589,532	$ 32,995,511	$ 9,477,008	$ 8,230,793	$ 40,066,540	$ 45,578,963
Capital assets	47,625,306	45,863,731	56,599,013	50,247,266	104,224,319	96,110,997
Total Assets	78,214,838	78,859,242	66,076,021	62,830,718	144,290,859	141,689,960
Total deferred outflows of resources	4,256,943	5,434,614	582,721	752,345	4,839,664	6,186,959
Long-term liabilities	27,707,874	28,764,643	19,806,557	20,922,927	47,514,431	49,687,570
Other liabilities	1,288,187	1,635,214	341,047	307,958	1,629,234	1,943,172
Total Liabilities	28,996,061	30,399,857	20,147,604	21,230,885	49,143,665	51,630,742
Total deferred inflows of resources	13,563,327	14,547,955	409,418	537,155	13,972,745	15,085,110
Invested in capital assets, net of related debt	21,748,167	22,515,384	37,392,154	33,002,696	59,140,321	55,518,080
Restricted	6,058,121	4,304,074	1,667,304	2,022,321	7,725,425	6,326,395
Unrestricted	12,106,105	12,526,586	7,042,262	6,790,006	19,148,367	19,316,592
Total Net Position	$ 39,912,393	$ 39,346,044	$ 46,101,720	$ 41,815,023	$ 86,014,113	$ 81,161,067

The largest portion of the City's total net position (68.8%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining portion of the City's net position represents resources that are unrestricted on how they may be used.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues						
Charges for services	$ 2,442,346	$ 2,351,924	$ 8,042,344	$ 7,406,104	$ 10,484,690	$ 9,579,834
Operating grants and contributions	1,293,363	1,406,155	-	-	1,293,363	1,692,241
Capital grants and contributions	88,352	-	800	54,170	89,152	54,170
General Revenues						
Property taxes	10,808,114	10,342,235	-	-	10,808,114	10,342,235
Other taxes	349,748	321,714	-	-	349,748	321,714
Intergovernmental	1,625,616	2,496,216	-	9,431	1,625,616	2,496,216
Other	2,510,926	1,979,826	243,413	181,519	2,754,339	2,161,345
Total Revenues	19,118,465	18,898,070	8,286,557	7,651,224	27,405,022	26,549,294
Expenses:						
General government	1,338,417	1,142,678	-	-	1,338,417	1,142,678
Public safety	6,468,630	6,372,690	-	-	6,468,630	6,372,690
Public works	3,134,322	3,018,841	-	-	3,134,322	3,018,841
Health and human services	33,644	32,643	-	-	33,644	32,643
Culture, education and recreation	3,477,896	3,199,654	-	-	3,477,896	3,199,654
Conservation and development	684,084	896,567	-	-	684,084	896,567
Water	-	-	1,733,317	1,654,607	1,733,317	1,654,607
Sewer	-	-	3,928,795	3,750,611	3,928,795	3,750,611
Stormwater	-	-	748,217	674,973	748,217	674,973
Interest and fiscal charges	1,004,654	1,260,285	-	-	1,004,654	1,260,285
Total Expenses	16,141,647	15,923,358	6,410,329	6,080,191	22,551,976	22,003,549
Income (Loss) Before Transfers	2,976,818	2,974,712	1,876,228	1,571,033	4,853,046	4,545,745
Transfers	(2,410,469)	316,866	2,410,469	(316,866)	-	-
Changes in Net Position	566,349	3,291,578	4,286,697	1,254,167	4,853,046	4,545,745
Beginning Net Position	39,346,044	36,054,466	41,815,023	40,560,856	81,161,067	76,615,322
Ending Net Position	$ 39,912,393	$ 39,346,044	$ 46,101,720	$ 41,815,023	$ 86,014,113	$ 81,161,067

As previously noted, the Statement of Net Position shows the change in financial position or net position. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by $566,349 compared to an increase of $3,291,578 in 2024. The increase is related primarily to investment income and underspending of budgeted expenditures.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by $4,286,697 compared to an increase of approximately $1,254,167 in 2024. The current year increase is the result of regular operations.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2025, the City's governmental funds reported combined fund balances of $18,278,905. Of this amount, $6,863,764 constitutes the unassigned fund balance. An additional $1,388,054 is non-spendable funds related to land held for resale, prepaids and TIF District advances. Restricted funds amount to $6,477,436 for future debt service, library, museum, and grant purposes, or other amounts restricted by state statutes. Committed funds amount to $694,728 for transportation improvements and EMS activities. The remaining $2,854,923 is assigned to deposits, loan programs, non-lapsing funds and equipment replacement, utility taxes, the municipal airport and capital improvements.

GENERAL FUND

The unassigned fund balance is approximately $ 8.4 million. This amount does not include $1.4 million of fund balance for prepaid items, land held for resale, and advances shown as non-spendable because they are assets on the balance sheet that are not in spendable form.

The City evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the original general fund budget. For 2025, unassigned fund balance is $8,430,977, and the current year general fund expenditure budget is $10,492,499 resulting in an unassigned fund balance of 80%. The City's goal is to maintain a 15%-30% general fund balance to current year's expenditure budget. The City is above its policy range at year end.

TRANSPORTATION IMPROVEMENTS

The transportation improvements special revenue fund has fund balance of $477,336 at the end of the current year, which is a decrease of $387,583 from the previous year, largely related to spenddown of a general obligation debt issuance to fund increased capital outlay in 2025.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GENERAL DEBT SERVICE

The general debt service fund had a restricted fund balance of $866,365 at year end, a decrease of $5,175 from the prior year. The fund balance held relates to a prior year transfer in from TIF District No. 8 to be used for future debt service related to the district.

TIF DISTRICT NO. 9

TIF District No. 9 had a deficit balance of $1,565,631 at year end, a decrease of $4,863,912 from the prior year, related to spending allocated funds on infrastructures for Ridge View Estates development in TID 9.

CAPITAL IMPROVEMENTS PROJECTS

The capital improvements projects fund had an increase in fund balance in 2025 from $710,141 to $859,859. The increase in fund balance is primarily related to unspent funds for planned projects in 2025 being carried over as 2026 expenses.

PROPRIETARY FUNDS

The water utility rates are governed by the Public Service Commission of Wisconsin (PSCW) and were placed into effect on July 1,2024. The authorized rate of net operating income as a percentage of average rate base is 4.90%.

The sewer and stormwater utility rates are governed by the Fort Atkinson City Council. Current rates were effective as of January 1, 2025.

The City of Fort Atkinson's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS

At the end of 2025, the City has invested a total of $104,224,319 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment and infrastructure.

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land and other assets not being depreciated	$ 6,641,886	$ 17,209,874	$ 470,355	$ 419,277	$ 7,112,241	$ 17,629,151
Land improvements	3,502,256	3,404,813	-	-	3,502,256	3,404,813
Buildings	30,713,005	21,251,738	-	-	30,713,005	21,251,738
Machinery and equipment	13,364,225	12,795,936	-	-	13,364,225	12,795,936
Infrastructure	28,332,942	25,223,472	-	-	28,332,942	25,223,472
Utility plant	-	-	94,708,609	86,415,257	94,708,609	86,415,257
Total Capital Assets	82,554,314	79,885,833	95,178,964	86,834,534	177,733,278	166,720,367
Less: Accumulated Depreciation	(34,929,008)	(34,022,102)	(38,579,951)	(36,587,268)	(73,508,959)	(70,634,194)
Net Capital Assets	$ 47,625,306	$ 45,863,731	$ 56,599,013	$ 50,247,266	$ 104,224,319	$ 96,110,997

Major capital asset events during the current fiscal year included the following:

GOVERNMENTAL ACTIVITIES

- Public Works and Parks Trucks
- Public Works and Parks Operation Facility
- Police Department Squads
- Facility Upgrades: Municipal Building, Aquatic Center and Park Facilities

BUSINESS-TYPE ACTIVITIES

- Water Utility Hydrant replacement
- Water Utility Main replacement
- Wastewater Main replacement
- Stormwater equipment
- New construction of streets including Utilities

Additional information on the City's capital assets can be found in Note 3 of this report.

LONG-TERM OBLIGATIONS

At December 31, 2025, the City had $28,952,800 of long-term general obligation bonds and notes outstanding, which is a decrease of $1,453,900 from the previous year. In addition, the City has $3,500,000 in outstanding Note Anticipation notes related to future TIF District No. 9 projects.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2025, was $77,779,125. Total general obligation debt outstanding at year-end was $28,952,800. Therefore, the City was at 37% of the legal debt limit.

The outstanding amount of revenue debt as of December 31, 2025, is $12,050,188. This clean water fund loan will be repaid solely from future sewer utility revenues and relates to the wastewater treatment plant upgrade. The City has not drawn the full amount authorized for this debt issuance through the end of the year. The fully authorized amount is $14,125,508.

Additional information on the City's long-term obligations can be found in Note 3 of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2026 City budget. None of these conditions are anticipated to significantly change the overall financial position of the City.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Michelle Ebbert, City Finance Director/Clerk/Treasurer.

City of Fort Atkinson

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	$ 18,103,564	$ 5,751,595	$ 23,855,159
Receivables (net):			
Taxes	10,886,625	-	10,886,625
Accounts	753,907	1,267,585	2,021,492
Loans	355,723	-	355,723
Due from other governments	15,382	-	15,382
Leases	385,479	-	385,479
Internal balances	(684,387)	684,387	-
Inventories	-	67,888	67,888
Land held for resale	492,623	-	492,623
Prepaid items	280,616	6,979	287,595
Restricted assets:			
Cash and investments	-	1,698,574	1,698,574
Capital assets:			
Land	6,466,101	364,125	6,830,226
Construction in progress	175,785	106,230	282,015
Other capital assets, net of depreciation	40,983,420	56,128,658	97,112,078
Total assets	78,214,838	66,076,021	144,290,859
Deferred Outflows of Resources			
Deferred charge on refunding	-	4,022	4,022
Pension related amounts	4,066,752	532,159	4,598,911
OPEB related amounts	190,191	46,540	236,731
Total deferred outflows of resources	4,256,943	582,721	4,839,664

See notes to financial statements

	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	$ 840,818	$ 191,544	$ 1,032,362
Accrued liabilities	447,369	149,503	596,872
Noncurrent liabilities:			
Due within one year	1,610,941	1,186,087	2,797,028
Due in more than one year	24,882,782	18,373,845	43,256,627
Net pension liability	684,853	87,778	772,631
OPEB liabilities	529,298	158,847	688,145
Total liabilities	28,996,061	20,147,604	49,143,665
Deferred Inflows of Resources			
Unearned revenues	11,241,709	-	11,241,709
Pension related amounts	1,981,325	308,626	2,289,951
OPEB related amounts	340,293	100,792	441,085
Total deferred inflows of resources	13,563,327	409,418	13,972,745
Net Position			
Net investment in capital assets	21,748,167	37,392,154	59,140,321
Restricted for:			
Library	1,091,006	-	1,091,006
Museum	1,121,720	-	1,121,720
Tourism	156,143	-	156,143
TIF district purposes	1,587,484	-	1,587,484
Affordable housing	1,121,352	-	1,121,352
Grant Purposes	533,366	-	533,366
Equipment replacement	-	1,556,666	1,556,666
Debt Service	447,050	110,638	557,688
Unrestricted	12,106,105	7,042,262	19,148,367
Total net position	$ 39,912,393	$ 46,101,720	$ 86,014,113

See notes to financial statements

City of Fort Atkinson

Statement of Activities
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,338,417	$ 321,178	$ -	$ -	$ (1,017,239)	$ -	$ (1,017,239)
Public safety	6,468,630	1,613,880	69,882	-	(4,784,868)	-	(4,784,868)
Public works	3,134,322	188,338	901,123	88,352	(1,956,509)	-	(1,956,509)
Health and human services	33,644	-	-	-	(33,644)	-	(33,644)
Culture, education and recreation	3,477,896	315,537	317,492	-	(2,844,867)	-	(2,844,867)
Conservation and development	684,084	3,413	4,866	-	(675,805)	-	(675,805)
Interest and fiscal charges	1,004,654	-	-	-	(1,004,654)	-	(1,004,654)
Total governmental activities	16,141,647	2,442,346	1,293,363	88,352	(12,317,586)	-	(12,317,586)
Business-type activities:							
Water utility	1,733,317	3,221,646	-	-	-	1,488,329	1,488,329
Sewer utility	3,928,795	3,981,426	-	-	-	52,631	52,631
Stormwater utility	748,217	839,272	-	800	-	91,855	91,855
Total business-type activities	6,410,329	8,042,344	-	800	-	1,632,815	1,632,815
Total	$ 22,551,976	$ 10,484,690	$ 1,293,363	$ 89,152	(12,317,586)	1,632,815	(10,684,771)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					7,289,924	-	7,289,924
Property taxes, levied for debt service					1,823,439	-	1,823,439
Property taxes, levied for TIF districts					1,694,751	-	1,694,751
Other taxes					349,748	-	349,748
Intergovernmental revenues not restricted to specific programs					1,625,616	-	1,625,616
Investment income					1,302,590	243,413	1,546,003
Miscellaneous					1,208,336	-	1,208,336
Total general revenues					15,294,404	243,413	15,537,817
Transfers					(2,410,469)	2,410,469	-
Change in net position					566,349	4,286,697	4,853,046
Net Position, Beginning					39,346,044	41,815,023	81,161,067
Net Position, Ending					$ 39,912,393	$ 46,101,720	$ 86,014,113

See notes to financial statements

City of Fort Atkinson

Balance Sheet -
Governmental Funds
December 31, 2025

	General	Transportation Improvements	General Debt Service	TIF District No. 9
Assets				
Cash and investments	$ 9,444,955	$ 465,677	$ 866,365	$ 405,718
Receivables (net):				
Taxes	6,655,158	500,000	2,097,025	69,259
Accounts	119,165	-	-	-
Due from other governments	-	15,382	-	-
Lease	385,479	-	-	-
Loans	-	-	-	-
Due from other funds	465,516	-	-	-
Land held for resale	492,623	-	-	-
Prepaid items	256,963	-	-	-
Advances to other funds	625,000	-	-	-
Total assets	$ 18,444,859	$ 981,059	$ 2,963,390	$ 474,977
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 272,204	$ 3,723	$ -	$ 346,349
Accrued liabilities	28,054	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	1,625,000
Total liabilities	300,258	3,723	-	1,971,349
Deferred Inflows of Resources				
Unearned revenues	7,010,242	500,000	2,097,025	69,259
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	7,010,242	500,000	2,097,025	69,259
Fund Balances (Deficit)				
Nonspendable	1,374,586	-	-	-
Restricted	-	-	866,365	-
Committed	-	477,336	-	-
Assigned	1,328,796	-	-	-
Unassigned (deficit)	8,430,977	-	-	(1,565,631)
Total fund balances (deficit)	11,134,359	477,336	866,365	(1,565,631)
Total liabilities, deferred inflows of resources and fund balances	$ 18,444,859	$ 981,059	$ 2,963,390	$ 474,977

See notes to financial statements

Capital Improvements Project	Nonmajor Governmental Funds	Total
$ 933,239	$ 5,987,610	$ 18,103,564
246,400	1,318,783	10,886,625
-	634,742	753,907
-	-	15,382
-	-	385,479
-	355,723	355,723
-	-	465,516
-	-	492,623
10,185	13,468	280,616
-	-	625,000
$ 1,189,824	$ 8,310,326	$ 32,364,435
$ 83,565	$ 134,977	$ 840,818
-	-	28,054
-	149,903	149,903
-	-	1,625,000
83,565	284,880	2,643,775
246,400	1,318,783	11,241,709
-	200,046	200,046
246,400	1,518,829	11,441,755
-	13,468	1,388,054
-	5,611,071	6,477,436
-	217,392	694,728
859,859	666,268	2,854,923
-	(1,582)	6,863,764
859,859	6,506,617	18,278,905
$ 1,189,824	$ 8,310,326	$ 32,364,435

See notes to financial statements

City of Fort Atkinson

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Total Fund Balances, Governmental Funds	$ 18,278,905
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Land	6,466,101
Construction in progress	175,785
Other capital assets	75,912,428
Less accumulated depreciation	(34,929,008)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	200,046
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(684,853)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,066,752
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,981,325)
The OPEB liabilities do not relate to current financial resources and are not reported in the governmental funds.	(529,298)
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	190,191
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(340,293)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(25,363,800)
Compensated absences	(584,284)
Accrued interest	(419,315)
Unamortized debt premium	(545,639)
Net Position of Governmental Activities	$ 39,912,393

See notes to financial statements

City of Fort Atkinson

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

	General	Transportation Improvements	General Debt Service	TIF District No. 9
Revenues				
Taxes	$ 6,042,276	$ 736,061	$ 1,823,439	$ 21,962
Intergovernmental	2,500,707	64,441	-	-
Licenses and permits	441,614	-	-	-
Fines, forfeitures and penalties	189,190	-	-	-
Public charges for services	468,650	-	-	-
Intergovernmental charges for services	300,140	-	-	-
Investment income	893,277	-	-	76,345
Miscellaneous	283,581	-	-	-
Total revenues	11,119,435	800,502	1,823,439	98,307
Expenditures				
Current:				
General government	966,616	-	-	-
Public safety	5,052,897	-	-	-
Public works	2,490,608	-	-	-
Health and human services	33,644	-	-	-
Culture, recreation and education	1,659,606	-	-	-
Conservation and development	238,482	-	-	341,468
Capital outlay	50,141	1,188,085	-	4,445,752
Debt service:				
Principal	-	-	981,900	-
Interest and fiscal charges	-	-	934,339	174,999
Total expenditures	10,491,994	1,188,085	1,916,239	4,962,219
Excess (deficiency) of revenues over expenditures	627,441	(387,583)	(92,800)	(4,863,912)
Other Financing Sources (Uses)				
Sales of fixed assets	-	-	-	-
Transfers in	551,649	-	87,625	-
Transfers out	(197,247)	-	-	-
Total other financing sources (uses)	354,402	-	87,625	-
Net change in fund balances	981,843	(387,583)	(5,175)	(4,863,912)
Fund Balances, Beginning	10,152,516	864,919	871,540	3,298,281
Fund Balances (Deficit), Ending	$ 11,134,359	$ 477,336	$ 866,365	$ (1,565,631)

See notes to financial statements

Capital Improvements Project	Nonmajor Governmental Funds	Total
$ 167,450	$ 2,366,674	$ 11,157,862
-	502,387	3,067,535
-	-	441,614
-	-	189,190
-	1,260,076	1,728,726
-	73,569	373,709
-	332,968	1,302,590
798,759	220,468	1,302,808
966,209	4,756,142	19,564,034
-	152,705	1,119,321
-	937,063	5,989,960
-	-	2,490,608
-	-	33,644
4,715	1,083,590	2,747,911
-	377,726	957,676
811,776	131,529	6,627,283
-	40,000	1,021,900
-	3,050	1,112,388
816,491	2,725,663	22,100,691
149,718	2,030,479	(2,536,657)
-	311,587	311,587
-	1,412,593	2,051,867
-	(1,549,178)	(1,746,425)
-	175,002	617,029
149,718	2,205,481	(1,919,628)
710,141	4,301,136	20,198,533
$ 859,859	$ 6,506,617	$ 18,278,905

See notes to financial statements

City of Fort Atkinson

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

Net Change in Fund Balances, Total Governmental Funds	$	(1,919,628)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		6,627,283
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		(134,555)
Transfer of capital to utilities		(2,715,911)
Depreciation is reported in the government-wide financial statements		(2,022,757)
Net book value of assets retired		7,515
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(253,606)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repaid		1,021,900
Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the Statement of Net Position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense.		
Debt premium amortization		51,620
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		54,110
Accrued interest on debt		92,684
Net pension asset/liability		(122,740)
Deferred outflows of resources related to pensions		(1,121,129)
Deferred inflows of resources related to pensions		1,016,854
OPEB liabilities		51,879
Deferred outflows of resources related to OPEB		(56,542)
Deferred inflows of resources related to OPEB		(10,628)
Change in Net Position of Governmental Activities	$	566,349

See notes to financial statements

City of Fort Atkinson

Statement of Net Position -
Proprietary Funds
December 31, 2025

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	$ 1,467,208	$ 4,284,387	$ -	$ 5,751,595
Receivables:				
Customer accounts receivable	321,411	866,707	79,467	1,267,585
Prepaid items	2,386	2,350	2,243	6,979
Inventories	67,888	-	-	67,888
Restricted assets:				
Redemption account	-	141,908	-	141,908
Total current assets	1,858,893	5,295,352	81,710	7,235,955
Noncurrent Assets				
Restricted assets:				
Replacement account	-	1,556,666	-	1,556,666
Capital assets:				
Land	69,046	295,079	-	364,125
Construction in progress	98,978	7,252	-	106,230
Utility plant	25,434,660	56,234,003	13,039,946	94,708,609
Less accumulated depreciation	(7,330,959)	(25,980,354)	(5,268,638)	(38,579,951)
Advances to other funds	-	1,000,000	-	1,000,000
Total noncurrent assets	18,271,725	33,112,646	7,771,308	59,155,679
Total assets	20,130,618	38,407,998	7,853,018	66,391,634
Deferred Outflows of Resources				
Deferred charge on refunding	2,376	1,646	-	4,022
Pension related amounts	217,435	257,184	57,540	532,159
OPEB related amounts	18,751	27,789	-	46,540
Total deferred outflows of resources	238,562	286,619	57,540	582,721

See notes to financial statements

City of Fort Atkinson

Statement of Net Position -
Proprietary Funds
December 31, 2025

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	$ 43,621	$ 134,630	$ 13,293	$ 191,544
Accrued interest	25,011	55,188	38,034	118,233
Due to other funds	305,442	-	10,171	315,613
Current portion of general obligation debt	189,000	176,000	107,000	472,000
Compensated absences	9,247	35,805	-	45,052
Liabilities payable from restricted assets:				
Current portion of revenue debt payable	-	669,035	-	669,035
Accrued interest	-	31,270	-	31,270
Total current liabilities	572,321	1,101,928	168,498	1,842,747
Noncurrent Liabilities				
General obligation bonds payable	1,630,000	2,799,000	2,188,000	6,617,000
Compensated absences	55,475	114,524	-	169,999
Revenue bonds payable	-	11,381,153	-	11,381,153
Unamortized premium	34,205	104,026	67,462	205,693
OPEB liability	68,774	90,073	-	158,847
Net pension liability	33,214	45,437	9,127	87,778
Total noncurrent liabilities	1,821,668	14,534,213	2,264,589	18,620,470
Total liabilities	2,393,989	15,636,141	2,433,087	20,463,217
Deferred Inflows of Resources				
Pension related amounts	116,618	151,274	40,734	308,626
OPEB related amounts	40,414	60,378	-	100,792
Total deferred inflows of resources	157,032	211,652	40,734	409,418
Net Position				
Net investment in capital assets	16,469,896	15,493,412	5,428,846	37,392,154
Restricted for:				
Equipment replacement	-	1,556,666	-	1,556,666
Debt service	-	110,638	-	110,638
Unrestricted	1,348,263	5,686,108	7,891	7,042,262
Total net position	$ 17,818,159	$ 22,846,824	$ 5,436,737	$ 46,101,720

See notes to financial statements

City of Fort Atkinson

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

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Operating Revenues				
Charges for services	$ 3,221,646	$ 3,981,426	$ 839,272	$ 8,042,344
Total operating revenues	3,221,646	3,981,426	839,272	8,042,344
Operating Expenses				
Operation and maintenance	1,170,050	1,948,611	346,837	3,465,498
Depreciation	467,175	1,618,280	314,908	2,400,363
Taxes	22,284	46,706	-	68,990
Total operating expenses	1,659,509	3,613,597	661,745	5,934,851
Operating income	1,562,137	367,829	177,527	2,107,493
Nonoperating Revenues (Expenses)				
Investment income	54,214	156,785	32,414	243,413
Interest expense	(73,808)	(315,198)	(86,472)	(475,478)
Total nonoperating revenues (expenses)	(19,594)	(158,413)	(54,058)	(232,065)
Income before contributions and transfers	1,542,543	209,416	123,469	1,875,428
Contributions and Transfers				
Capital contributions	1,058,375	902,463	755,873	2,716,711
Transfer out	(305,442)	-	-	(305,442)
Total contributions and transfers	752,933	902,463	755,873	2,411,269
Change in net position	2,295,476	1,111,879	879,342	4,286,697
Net Position, Beginning	15,522,683	21,734,945	4,557,395	41,815,023
Net Position, Ending	$ 17,818,159	$ 22,846,824	$ 5,436,737	$ 46,101,720

See notes to financial statements

City of Fort Atkinson

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

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Cash Flows From Operating Activities				
Received from customers	$ 3,270,969	$ 3,767,520	$ 827,639	$ 7,866,128
Paid to suppliers for goods and services	(952,650)	(1,703,801)	(143,927)	(2,800,378)
Paid to employees for services	(220,650)	(293,330)	(202,646)	(716,626)
Net cash flows from operating activities	2,097,669	1,770,389	481,066	4,349,124
Cash Flows From Investing Activities				
Investment income	54,214	156,785	32,414	243,413
Net cash flows from investing activities	54,214	156,785	32,414	243,413
Cash Flows From Noncapital Financing Activities				
Paid to municipality for tax equivalent	(316,866)	-	-	(316,866)
Net cash flows from noncapital financing activities	(316,866)	-	-	(316,866)
Cash Flows From Capital and Related Financing Activities				
Debt retired	(179,000)	(814,778)	(97,000)	(1,090,778)
Interest paid	(79,886)	(341,252)	(99,822)	(520,960)
Acquisition and construction of capital assets	(3,097,697)	(3,023,875)	(2,597,320)	(8,718,892)
Capital contributions received	1,058,375	902,463	755,873	2,716,711
Net cash flows from capital and related financing activities	(2,298,208)	(3,277,442)	(2,038,269)	(7,613,919)
Net change in cash and cash equivalents	(463,191)	(1,350,268)	(1,524,789)	(3,338,248)
Cash and Cash Equivalents, Beginning	1,930,399	7,333,229	1,524,789	10,788,417
Cash and Cash Equivalents, Ending	$ 1,467,208	$ 5,982,961	$ -	$ 7,450,169

See notes to financial statements

City of Fort Atkinson

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

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Reconciliation of Operating Income to Net Cash Flows From Operating Activities				
Operating income	$ 1,562,137	$ 367,829	$ 177,527	$ 2,107,493
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	467,175	1,618,280	314,908	2,400,363
Depreciation charged to other accounts	47,372	-	-	47,372
Changes in assets, deferred outflows/inflows of resources and liabilities:				
Accounts receivable	5,047	5,448	(11,633)	(1,138)
Other accounts receivable	3,419	(221,494)	-	(218,075)
Inventories	(4,536)	-	-	(4,536)
Prepayments	(2,327)	(2,291)	(2,184)	(6,802)
Accrued compensation	9,914	6,013	-	15,927
Other current liabilities	-	(9,300)	-	(9,300)
Accounts payable	(2,338)	-	-	(2,338)
Pension related deferrals and assets/liabilities	7,809	14,134	2,448	24,391
OPEB related deferrals and liabilities	3,997	(8,230)	-	(4,233)
Net cash flows from operating activities	$ 2,097,669	$ 1,770,389	$ 481,066	$ 4,349,124
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds				
Cash and investments	$ 1,467,208	$ 4,284,387	$ -	$ 5,751,595
Restricted cash and investments:				
Redemption account	-	141,908	-	141,908
Replacement account	-	1,556,666	-	1,556,666
Cash and cash equivalents	$ 1,467,208	$ 5,982,961	$ -	$ 7,450,169
Noncash Capital and Related Financing Activities				
Amortization of premium/deferred charge on refunding	$ 1,422	$ 5,060	$ 1,422	

See notes to financial statements

City of Fort Atkinson

Statement of Fiduciary Net Position -
Fiduciary Fund
December 31, 2025

	Custodial Fund
Assets	
Cash and investments	$ 9,125,734
Tax roll receivable	8,650,518
Total assets	17,776,252
Liabilities	
Due to other taxing units	17,776,252
Total liabilities	17,776,252
Total net position	$ -

See notes to financial statements

City of Fort Atkinson

Statement of Changes in Fiduciary Net Position -
Fiduciary Fund
Year Ended December 31, 2025

	Custodial Fund
Additions	
Property taxes collected for other governments	$ 12,035,667
Total additions	12,035,667
Deductions	
Property taxes distributed to other governments	12,035,667
Total deductions	12,035,667
Change in fiduciary net position	-
Net Position, Beginning	-
Net Position, Ending	$ -

See notes to financial statements

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1. Summary of Significant Accounting Policies

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

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

Component Unit Not Presented

Fort Atkinson Historical Society

The Fort Atkinson Historical Society (Historical Society) is a legally separate organization that qualifies as a component unit of the City. Audited financial statements of the Historical Society are not available for the year ended December 31, 2025.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

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

c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund

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

Special Revenue Fund

Transportation Improvements is used to account for and report transportation projects that are legally restricted or committed to supporting expenditures for the program.

Debt Service Fund

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

Capital Projects Funds

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

Tax Incremental Financing District (TIF) No. 9 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TIF district project plan.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

Stormwater Utility accounts for operations of the stormwater system

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

Wisconsin Development Fund
Library Trust
Museum Trust
EMS
Lodging Room Tax
Dwight Foster Public Library
Subsidized Taxi Program
CDBG
Municipal Airport
Capital Catalyst Grant
Affordable Housing Fund

Capital Projects Funds

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

TIF District No. 6
TIF District No. 8
TIF District No. 7
TIF District No. 10

In addition, the City reports the following fund type:

Custodial Fund

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

Tax Collection

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2025, there were $639,144 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedules have been established.

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

Proprietary and Fiduciary Funds

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

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

All Financial Statements

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

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

Deposits and Investments

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

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

a. Time deposits in any credit union, bank, savings bank or trust company.

b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

c. Bonds or securities issued or guaranteed by the federal government.

d. The local government investment pool.

e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy contains the following guidelines related to custodial credit risk: all deposits of city funds in interest bearing time instruments shall be secured by pledged collateral in an amount equal to at least 100% of the total investment less the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. At December 31, 2025, all deposits at the City met the previous criteria and were insured and collateralized. See Note 3. The policy addresses credit risk by limiting the types of securities allowable, pre-qualifying financial institutions, broker/dealers, intermediaries and advisors with which the City will do business with and by diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or individual issuer.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

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

Property tax calendar - 2025 tax roll:

Lien date and levy date	December 2025
Tax bills mailed	December 2025
Payment in full, or	January 31, 2026
First installment due	January 31, 2026
Second installment due	July 31, 2026
Tax sale - 2025 delinquent real estate taxes	October 2028

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

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

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

It is the City's policy to record revenue when the initial loan is made from the grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as assigned fund balance in the fund financial statements.

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO and charged to construction and/or operation and maintenance expense when used.

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

Restricted Assets

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

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $10,000 for general capital assets and $25,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings	10-40 Years
Land improvements	10-20 Years
Machinery and equipment	4-25 Years
Utility systems	15-85 Years
Infrastructure	50-75 Years

Fund Financial Statements

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

Other Assets

The general fund is reporting assets held for resale in the amount of $492,623. These assets are valued at the lower of cost or market value and are intended to be used for future development of the City.

Deferred Outflows of Resources

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

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts.

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

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on various criteria. The benefits are based on contractual agreements with employee groups, local ordinances or employee benefit policies. Eligible employees may convert a portion of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the City. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were $52,097. The number of participants eligible to receive benefits as of December 31, 2025 is 6. The total amount outstanding at year end to be paid in the future is $102,312 and is included in the government-wide statement of net position.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2025, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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

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

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

Leases

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

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The City has a formal minimum fund balance policy. That policy is to maintain unassigned general fund balance at a minimum of 15 - 30% of budgeted general fund expenditures. The unassigned general fund balance at year end was $8,430,977 or 80% of the budgeted general fund expenditures in 2025.

See Note 3 for further information.

Pension

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

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

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City Health OPEB Plan have been determined on the same basis as they are reported by the City Health OPEB Plan. For this purpose, the City Health OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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

- Net OPEB Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; 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 the benefit terms. Investments are reported at fair value.

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on July 1, 2024.

Sewer Utility

Current sewer rates were approved by the city council to be effective as of January 1, 2025.

Stormwater Utility

Current stormwater rates were approved by the city council to be effective as of January 1, 2025.

2. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Budget

The following funds had significant expenditures and other financing uses over budget:

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
General	$ 10,608,086	$ 10,689,241	$ 81,155
Transportation Improvements	1,090,000	1,188,085	98,085
TIF District No. 6	60,160	276,023	215,863
TIF District No. 9	236,297	4,962,219	4,725,922
EMS	760,950	937,063	176,113
Municipal Airport	102,000	119,586	17,586
Capital Catalyst Grant	1,500	80,300	78,800
Lodging Room Tax	46,600	51,667	5,067
Dwight Foster Public Library	1,022,076	1,076,879	54,803

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

Deficit Balances

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

As of December 31, 2025, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 9	$ 1,565,631	Excess expenditures over increment
Subsidized Taxi Progam	1,582	Timing difference in funding source

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

Limitations on the City's Tax Levy

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

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	$ 19,492,752	$ 19,509,245	Custodial credit
Mutual funds, bonds	830,466	830,466	Credit, interest rate
Mutual funds, other	1,231,759	1,231,759	N/A
LGIP	9,540,407	9,540,407	Credit
Certificates of deposit (negotiable)	1,853,750	1,853,750	Credit, custodial credit, concentration of credit, interest rate
Equity securities/stocks	980,662	984,467	Custodial credit, concentration of credit
U.S. treasuries	749,012	783,998	Custodial credit, interest rate
Petty cash	659	-	N/A
Total deposits and investments	$ 34,679,467	$ 34,734,092	

Reconciliation to financial statements	
Per statement of net position:	
Unrestricted cash and investments	$ 23,855,159
Restricted cash and investments	1,698,574
Per statement of net position, fiduciary fund:	
Custodial fund	9,125,734
Total deposits and investments	$ 34,679,467

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2025, the banks had pledged various government securities in the amount of $17,735,402 to secure the City's deposits.

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

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

- Market approach, prices or other information from market transactions involving identical assets - used for mutual funds
- Market approach, prices or other information from market transactions involving similar assets - used for equity securities/stocks, U.S. treasuries and certificates of deposits

	December 31, 2025			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ 830,466	$ -	$ -	$ 830,466
Mutual funds, other	1,231,759	-	-	1,231,759
Equity securities/stocks	-	980,662	-	980,662
U.S. treasuries	-	749,012	-	749,012
Certificates of deposit (negotiable)	-	1,853,750	-	1,853,750
Total	$ 2,062,225	$ 3,583,424	$ -	$ 5,645,649

Custodial Credit Risk

Deposits

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

The City does not have any deposits exposed to custodial credit risk.

Investments

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

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

Credit Risk

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

As of December 31, 2025, the City's investments were rated as follows:

Investment Type	**Standard & Poors**
Mutual funds, bonds	A+
Certificates of deposit (negotiable)	Not rated

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

Local Government Investment Pool (LGIP)

Interest Rate Risk

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

As of December 31, 2025, the City's investments were as follows:

Investment Type	Fair Value	Maturity (in Years) Less Than 1	1-5	6-10
Mutual funds, bonds	$ 830,466	$ -	$ 496,948	$ 333,518
U.S. treasuries	783,998	783,998	-	-
Certificate of deposit (negotiable)	1,853,750	458,050	1,395,700	-
Total	$ 3,468,214	$ 1,242,048	$ 1,892,648	$ 333,518

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

Receivables

Receivables are expected to be collected within one year except for leases reported in the general fund and loan balances reported in the nonmajor funds.

Accounts receivable in the EMS nonmajor fund are offset by an allowance for uncollectible accounts in the amount of $171,913.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 10,856,230	$ -
Lease payments not yet due	385,479	-
EMS receivables not yet available	-	200,046
Total unearned/unavailable revenue for governmental funds	$ 11,241,709	$ 200,046

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2025:

	Restricted Assets	Liabilities Payable From Restricted Assets	Restricted Net Position
Redemption account	$ 141,908	$ 31,270	$ 110,638
Equipment replacement account	1,556,666	-	1,556,666
Total	$ 1,698,574	$ 31,270	$ 1,667,304

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 6,471,101	$ -	$ 5,000	$ 6,466,101
Construction in progress	10,738,773	150,785	10,713,773	175,785
Total capital assets not being depreciated	17,209,874	150,785	10,718,773	6,641,886
Capital assets being depreciated:				
Land improvements	3,404,813	97,443	-	3,502,256
Buildings	21,251,738	10,126,247	664,980	30,713,005
Machinery and equipment	12,795,936	897,362	329,073	13,364,225
Infrastructure	25,223,472	3,218,753	109,283	28,332,942
Total capital assets being depreciated	62,675,959	14,339,805	1,103,336	75,912,428
Total capital assets	79,885,833	14,490,590	11,822,109	82,554,314
Less accumulated depreciation for:				
Land improvements	(1,659,342)	(105,732)	2,157	(1,762,917)
Buildings	(12,247,469)	(852,812)	661,754	(12,438,527)
Machinery and equipment	(9,356,033)	(600,581)	337,735	(9,618,879)
Infrastructure	(10,759,258)	(463,632)	114,205	(11,108,685)
Total accumulated depreciation	(34,022,102)	(2,022,757)	1,115,851	(34,929,008)
Net capital assets being depreciated	28,653,857	12,317,048	(12,515)	40,983,420
Total governmental activities capital assets, net as reported in the statement of net position	$ 45,863,731	$ 12,467,833	$ 10,706,258	$ 47,625,306

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 90,423
Public safety	755,299
Public works	668,065
Culture, recreation and education	469,874
Conservation and development	39,096
Total governmental activities depreciation expense	$ 2,022,757

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	$ 69,046	$ -	$ -	$ 69,046
Construction in progress	55,152	43,826	-	98,978
Total capital assets not being depreciated	124,198	43,826	-	168,024
Capital assets being depreciated:				
Source of supply	159,505	-	-	159,505
Pumping	1,212,081	-	-	1,212,081
Treatment	75,288	-	-	75,288
Transmission and distribution	19,300,527	2,615,783	184,007	21,732,303
Administrative and general assets	1,817,395	438,088	-	2,255,483
Total capital assets being depreciated	22,564,796	3,053,871	184,007	25,434,660
Total capital assets	22,688,994	3,097,697	184,007	25,602,684
Less accumulated depreciation for:				
Source of supply	(159,506)	-	-	(159,506)
Pumping	(869,997)	(27,436)	-	(897,433)
Treatment	(75,288)	-	-	(75,288)
Transmission and distribution	(4,586,339)	(397,675)	184,007	(4,800,007)
Administrative and general assets	(1,309,289)	(89,436)	-	(1,398,725)
Total accumulated depreciation	(7,000,419)	(514,547)	184,007	(7,330,959)
Net capital assets being depreciated	15,564,377	2,539,324	-	18,103,701
Net water capital assets	$ 15,688,575	$ 2,583,150	$ -	$ 18,271,725

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated:				
Land and land rights	$ 295,079	$ -	$ -	$ 295,079
Construction in progress	-	7,252	-	7,252
Total capital assets not being depreciated	295,079	7,252	-	302,331
Capital assets being depreciated:				
Collection system	13,983,229	2,361,399	14,232	16,330,396
Collection system pumping	606,838	236,944	-	843,782
Treatment and disposal	36,879,694	491,095	188,516	37,182,273
Administrative and general assets	1,875,750	17,665	15,863	1,877,552
Total capital assets being depreciated	53,345,511	3,107,103	218,611	56,234,003
Total capital assets	53,640,590	3,114,355	218,611	56,536,334
Less accumulated depreciation for:				
Sewer plant	(24,580,685)	(1,618,280)	218,611	(25,980,354)
Total accumulated depreciation	(24,580,685)	(1,618,280)	218,611	(25,980,354)
Net capital assets being depreciated	28,764,826	1,488,823	-	30,253,649
Net sewer capital assets	$ 29,059,905	$ 1,496,075	$ -	$ 30,555,980

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets being depreciated:				
Stormwater assets	$ 10,504,950	$ 2,587,430	$ 52,434	$ 13,039,946
Total capital assets being depreciated	10,504,950	2,587,430	52,434	13,039,946
Less accumulated depreciation for:				
Stormwater assets	(5,006,164)	(314,908)	52,434	(5,268,638)
Total accumulated depreciation	(5,006,164)	(314,908)	52,434	(5,268,638)
Net capital assets being depreciated	5,498,786	2,272,522	-	7,771,308
Net stormwater capital assets	$ 5,498,786	$ 2,272,522	$ -	$ 7,771,308
Business-type activities capital assets, net as reported in the statement of net position	$ 50,247,266	$ 6,351,747	$ -	$ 56,599,013

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	$ 467,175
Sewer	1,618,280
Stormwater	314,908
Total business-type activities, net as reported in the statement of net position expense	$ 2,400,363

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

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	EMS	$ 149,903
General fund	Storm utility	10,171
General fund	Water utility	305,442
Total, fund financial statements		465,516
Less fund eliminations		(149,903)
Less interfund advances		(1,000,000)
Total internal balances, government-wide statement of net position		$ (684,387)

Receivable Fund	Payable Fund	Amount
Governmental activities	Business-type activities	$ 315,613
Business-type activities	Governmental activities	(1,000,000)
Total government-wide financial statements		$ (684,387)

All amounts are due within one year.

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The general fund and sewer utilty are advancing funds to TIF District No. 9 to fund project plan expenditures prior to recovery through increment revenues. A repayment schedule has been approved by the City Council for the TIF District No. 9 advances. These advances are non-interest bearing. The advance from the general fund will be repaid in annual installments of $125,000 from 2030 through 2034. The advance from the sewer utility is scheduled to be repaid in installments of $111,111 from 2035 through 2043. If increment is sufficient, the advance may be repaid in advance of the schedule.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TIF District No. 9	$ 625,000	$ 625,000
Sewer utility	TIF District No. 9	1,000,000	1,000,000
Total, fund financial statements		1,625,000	
Less fund eliminations		(625,000)	
Less government-wide eliminations		(2,000,000)	
Total, interfund advances		$ (1,000,000)	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	$ 305,442	Tax equivalent
General fund	TIF District No. 6	113,166	Administrative costs
General fund	TIF District No. 7	113,166	Administrative costs
General fund	TIF District No. 8	19,875	TID closure refund
General debt service	TIF District No. 6	87,625	TID share of debt service
CDBG	General fund	197,247	Closeout of CDBG fund
Affordable Housing Fund	TIF District No. 8	1,108,438	TIF extension contribution
Dwight Foster Public Library	Library Trust	106,908	Contribute to capital costs
Total, fund financial statements		2,051,867	
Less fund eliminations		(1,746,425)	
Less governmental activities transfer of capital to utilities		(2,715,911)	
Total transfers, government-wide statement of activities		$ (2,410,469)	

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	$ 21,810,000	$ -	$ 825,000	$ 20,985,000	$ 1,226,000
General obligation notes from direct borrowings and direct placements	1,075,700	-	196,900	878,800	201,900
Note anticipation note	3,500,000	-	-	3,500,000	-
(Discounts)/Premiums	597,259	-	51,620	545,639	-
Total bonds and notes payable	26,982,959	-	1,073,520	25,909,439	1,427,900
Other liabilities:					
Compensated absences*	638,394	-	54,110	584,284	183,041
Total other liabilities	638,394	-	54,110	584,284	183,041
Total governmental activities long-term liabilities	$ 27,621,353	$ -	$ 1,127,630	$ 26,493,723	$ 1,610,941

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	$ 7,521,000	$ -	$ 432,000	$ 7,089,000	$ 472,000
Revenue bonds	12,708,966	-	658,778	12,050,188	669,035
(Discounts)/Premiums	220,984	-	15,291	205,693	-
Total bonds and notes payable	20,450,950	-	1,106,069	19,344,881	1,141,035
Other liabilities:					
Compensated absences*	208,424	6,627	-	215,051	45,052
Total other liabilities	208,424	6,627	-	215,051	45,052
Total business-type activities long-term liabilities	$ 20,659,374	$ 6,627	$ 1,106,069	$ 19,559,932	$ 1,186,087

*The change in the compensated absences liability is presented as a net change

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2025, was $77,779,125. Total general obligation debt outstanding at year end was $28,952,800.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities **General Obligation Debt**	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2025
G.O. refunding bonds	05/26/15	02/01/27	1.50-3.00%	$ 990,000	$ 85,000
Promissory note*	06/27/17	03/01/27	2.08	394,000	78,800
G.O. corporate purpose bonds	06/26/18	02/01/38	3.0-4.0	1,580,000	1,000,000
G.O. refunding bonds	11/18/19	08/01/39	3.0	6,985,000	5,380,000
Promissory note*	12/20/19	09/01/29	2.75	950,000	395,000
G.O. refunding bonds	02/22/21	02/01/35	1.79	894,000	660,000
Promissory note*	08/23/21	05/01/31	1.55	675,000	405,000
G.O. refunding bonds	05/24/22	02/01/42	3.10-5.00	2,025,000	1,285,000
G.O. refunding bonds	06/04/24	02/01/44	4.0-5.0	12,760,000	12,575,000
Total governmental activities, general obligation debt					$ 21,863,800

Business-Type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2025
G.O. refunding bonds	05/26/15	02/01/27	1.50-3.00%	$ 2,055,000	$ 365,000
G.O. corporate purpose bonds	06/26/18	02/01/38	3.0-4.0	2,635,000	1,895,000
G.O. refunding bonds	02/22/21	02/01/35	1.79	180,000	134,000
G.O. refunding bonds	05/24/22	02/01/42	3.1-5.00	250,000	230,000
G.O. refunding bonds	06/04/24	02/01/44	4.0-5.0	4,585,000	4,465,000
Total business-type activities, general obligation debt					$ 7,089,000

* Debt issue is a direct borrowing or direct placement

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt Principal	Governmental Activities General Obligation Debt Interest	Business-Type Activities General Obligation Debt Principal	Business-Type Activities General Obligation Debt Interest
2026	$ 1,226,000	$ 790,646	$ 472,000	$ 269,354
2027	1,297,000	742,470	488,000	252,855
2028	1,308,000	695,351	318,000	239,173
2029	1,364,000	649,620	328,000	227,815
2030	1,371,000	601,202	338,000	216,057
2031-2035	5,874,000	2,326,943	1,920,000	877,484
2036-2040	5,130,000	1,201,109	1,910,000	453,580
2041-2044	3,415,000	276,300	1,315,000	106,312
Total	$ 20,985,000	$ 7,283,641	$ 7,089,000	$ 2,642,630

Years	Governmental Activities Notes From Direct Borrowings and Direct Placements Principal	Governmental Activities Notes From Direct Borrowings and Direct Placements Interest
2026	$ 201,900	$ 16,629
2027	201,900	12,125
2028	167,500	7,983
2029	172,500	4,092
2030	67,500	1,587
2031	67,500	526
Total	$ 878,800	$ 42,942

The City's outstanding debt from direct borrowings and/or direct placements related to governmental activities contain event of default and/or termination provisions with possible finance-related consequences. The 2021 promissory notes contain provisions that include a 5% delinquency penalty and interest rate adjustments to 12% until any delinquent balances are paid. All other direct borrowings of the City contain terms that in the event of default, the unpaid balance shall automatically mature and become immediately due and payable.

Revenue Debt

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

The sewer utility has pledged future sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 2021. Proceeds from the bonds provided financing for the sewer system upgrades. The bonds are payable solely from sewer revenues and are payable through 2041. Annual principal and interest payments on the bonds are expected to require 40% of net revenues. The total principal and interest remaining to be paid on the bonds is $13,612,695. Principal and interest paid for the current year and total customer net revenues were $851,530 and $2,142,894, respectively.

Revenue debt payable at December 31, 2025, consists of the following:

Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2025	
Sewer Utility						
2021 Clean Water Fund Loan	07/28/2021	05/01/2041	1.557%	$ 13,857,111	$ 12,050,188	(1)

The City's outstanding revenue debt from direct borrowings and/or direct placements related to business type activities contain event of default and/or termination provisions with possible finance-related consequences. The 2021 Clean Water Fund Loan contains terms that in the event of default, any delinquent amounts may be deducted from any state payments that are due to the municipality.

(1) - During 2021 the utility was authorized to issue $14,125,508 of Sewerage system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2025. The repayment schedule is for the amount issued.

Total business-type activities, revenue debt	$ 12,050,188

Debt service requirements to maturity are as follows:

	Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements	
Years	**Principal**	**Interest**
2026	$ 669,035	$ 182,413
2027	679,452	171,915
2028	690,031	161,254
2029	700,775	150,426
2030	711,686	139,430
2031-2035	3,728,135	526,124
2036-2040	4,027,550	224,378
2041	843,524	6,567
Total	$ 12,050,188	$ 1,562,507

Bond Anticipation Notes

Bond anticipation notes are payable from Note Anticipation Notes (NANs) in the amount of $3,500,000 were issued on March 1, 2024, for purposes of financing TIF District No. 9 infrastructure projects. This NAN will be refinanced in 2026 with future borrowing.

Bond anticipation notes at December 31, 2025, consist of the following:

Governmental Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2025
Note Anticipation Notes, Series 2024B	03/01/2024	02/01/2027	5.00%	$ 3,500,000	$ 3,500,000
Total governmental activities bond anticipation notes					$ 3,500,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities Bond Anticipation Notes Principal	Interest
2026	$ -	$ 175,000
2027	3,500,000	87,500
Total	$ 3,500,000	$ 262,500

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules.

Bond Covenant Disclosures

Insurance

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

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2025 as follows:

Operating revenues	$ 3,981,426
Investment income	156,785
Less operation and maintenance expenses	(1,995,317)
Net defined earnings	$ 2,142,894
Minimum required earnings per resolution:	
Highest annual debt service 2021 CWF bonds	$ 851,530
Coverage factor	1.10
Minimum required earnings	$ 936,683
Actual Debt Coverage	2.52

Lease Disclosures

Lessor - Lease Receivables

Governmental Activities Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance December 31, 2025
U.S. Cellular, ground lease	11/11/22	10/26/52	2.01%	$ 385,479
Total governmental activities				$ 385,479

The City recognized $4,183 of lease revenue during the fiscal year.

The City recognized $14,417 of interest revenue during the fiscal year.

Regulated Leases

The City maintains certain regulated leases that, in accordance with GASB No. 87, do not recognize a lease receivable or a deferred inflow of resources. Regulated leases are subject to external laws, regulations, or legal rulings. Hangar rent revenues for the year of $20,881 were recognized in the municipal airport fund.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2025, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	$ 6,466,101
Construction in progress	175,785
Other capital assets, net of accumulated depreciation	40,983,420
Less long-term debt outstanding	(25,363,800)
Plus noncapital debt proceeds	32,300
Less unamortized debt premium	(545,639)
Total net investment in capital assets	$ 21,748,167

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2025, include the following:

	General Fund	Transportation Improvements	General Debt Service	TIF District No. 9	Capital Improvements Projects	Nonmajor Funds	Total
Fund Balances							
Nonspendable:							
Prepaid items	$ 256,963	$ -	$ -	$ -	$ -	$ 13,468	$ 270,431
Advance to TIF districts	625,000	-	-	-	-	-	625,000
Land held for resale	492,623	-	-	-	-	-	492,623
Subtotal	1,374,586	-	-	-	-	13,468	1,388,054
Restricted for:							
Library purposes	-	-	-	-	-	1,091,006	1,091,006
Museum purposes	-	-	-	-	-	1,121,720	1,121,720
Debt service	-	-	866,365	-	-	-	866,365
TIF purposes	-	-	-	-	-	1,587,484	1,587,484
Tourism	-	-	-	-	-	156,143	156,143
Grant purposes	-	-	-	-	-	533,366	533,366
Affordable housing	-	-	-	-	-	1,121,352	1,121,352
Subtotal	-	-	866,365	-	-	5,611,071	6,477,436
Committed to:							
Transportation improvements	-	477,336	-	-	-	-	477,336
EMS activities	-	-	-	-	-	217,392	217,392
Subtotal	-	477,336	-	-	-	217,392	694,728
Assigned to:							
PILOT from utility	316,866	-	-	-	-	-	316,866
Deposits	79,323	-	-	-	-	-	79,323
Carryovers to 2026	145,609	-	-	-	-	-	145,609
Fire equipment replacement	320,943	-	-	-	-	-	320,943
Municipal airport	-	-	-	-	-	143,654	143,654
Loan programs	-	-	-	-	-	522,614	522,614
Capital improvements	466,055	-	-	-	859,859	-	1,325,914
Subtotal	1,328,796	-	-	-	859,859	666,268	2,854,923
Unassigned (Deficit)	8,430,977	-	-	(1,565,631)	-	(1,582)	6,863,764
Total fund balances (deficit)	$ 11,134,359	$ 477,336	$ 866,365	$ (1,565,631)	$ 859,859	$ 6,506,617	$ 18,278,905

Business-Type Activities

Net investment in capital assets:	
Land	$ 364,125
Construction in progress	106,230
Other capital assets, net of accumulated depreciation	56,128,658
Less long-term capital debt outstanding	(19,005,188)
Less unamortized debt premium	(205,693)
Add deferred charge on refunding	4,022
Total net investment in capital assets	$ 37,392,154

4. Other Information

Employees' Retirement System

Plan Description

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

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

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to 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 annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

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	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

Contributions

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

During the reporting period, the WRS recognized $732,051 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2025 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.90 %	6.90 %
Protective with Social Security	6.90	14.30
Protective without Social Security	6.90	19.10

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

At December 31, 2025, the City reported a liability of $772,631 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 City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2025, the City's proportion was 0.04702095%, which was an increase of 0.00375548% from its proportion reported as of December 31, 2024.

For the year ended December 31, 2025, the City recognized pension expense (revenue) of $989,833.

At December 31, 2025, the City 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 projected and actual experience	$ 2,399,445	$ 2,254,725
Changes in assumptions	229,254	-
Net differences between projected and actual earnings on pension plan investments	1,174,055	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,310	35,226
Employer contributions subsequent to the measurement date	786,847	-
Total	$ 4,598,911	$ 2,289,951

$786,847 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) 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:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2026	$ 458,773
2027	1,595,769
2028	(404,453)
2029	(127,976)

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 (Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 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 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including seniority (merit) and separation rates. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* as of December 31, 2024

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

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

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

*** *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%.*

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. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City'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 (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
City's proportionate share of the net pension liability (asset)	$ 7,248,297	$ 772,631	$ (3,828,142)

Pension Plan Fiduciary Net Position

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

At December 31, 2025, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Commitments and Contingencies

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

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

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

The City has active construction projects as of December 31, 2025. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Other Postemployment Benefits

The City administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the City.

General Information about the OPEB Plan

Plan Description

The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

RBP provides healthcare coverage to active employees and retirees at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. Retirees participating in the plan contribute 100% of the blended premium. The City, by paying the blended premium for active employees, contributes the difference between the blended premium and the age adjusted premium towards retiree benefits.

Employees Covered by Benefit Terms

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	16
Active plan members	98
Total	114

Total OPEB Liability

The City's total OPEB liability of $399,268 was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs

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

Inflation	2.5%
Salary increases	3.1-7.8%
Healthcare cost trend rates	7.00% decreasing to 6.50%, then decreasing 0.1% per year to an ultimate rate of 4.50%
Healthcare participation rate	100% of blended premium

The discount rate was updated to 4.28% based on the S&P Municipal Bond 20-year High Grade Index.

Mortality rates were based on the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study 2018-20 conducted in 2021 using Wisconsin Retirement System.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2024	$ 418,914
Changes for the year:	
Service cost	18,119
Interest	16,702
Differences between expected and actual experience	(27,629)
Changes in assumptions or other inputs	(5,985)
Benefit payments	(20,853)
Net changes	(19,646)
Balances at December 31, 2025	$ 399,268

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28%) or 1-percentage-point higher (5.28%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	$ 421,126	$ 399,268	$ 378,418

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 373,811	$ 399,268	$ 427,951

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

For the year ended December 31, 2025, the City recognized OPEB expense of $14,510. At December 31, 2025, the City 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	$ -	$ 186,070
Changes of assumptions or other inputs	125,543	50,961
City contributions subsequent to the measurement date	15,443	-
Total	$ 140,986	$ 237,031

$15,443 reported as deferred outflows of resources related to OPEB resulting from the RBP employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	Amount
2026	$ (23,898)
2027	(23,898)
2028	(21,984)
2029	1,957
2030	827
Thereafter	(44,492)

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

OPEB Plan Fiduciary Net Position.

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

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

Benefits Provided

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

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2025 are:

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

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

Life Insurance Member Contribution Rates* for the Plan Year

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

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

During the reporting period, the LRLIF recognized $1,553 in contributions from the employer.

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

At December 31, 2025, the City reported a liability of $288,877 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 benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2025, the City's proportion was 0.07383900%, which was a decrease of 0.00107500% from its proportion reported as of December 31, 2024.

For the year ended December 31, 2025, the City recognized OPEB expense (revenue) of $15,578.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 30,052
Net differences between projected and actual earnings on plan investments	3,967	-
Changes in actuarial assumptions	70,882	162,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,382	11,977
Employer contributions subsequent to the measurement date	1,514	-
Total	$ 95,745	$ 204,054

$1,514 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2026	$ (7,409)
2027	(22,021)
2028	(33,398)
2029	(29,732)
2030	(6,684)
Thereafter	(10,579)

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB Liability (Asset)	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	0.10%-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.

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2024

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40.00%	2.41%
U.S. Mortgages	Bloomberg U.S. MBS	60.00	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 City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.09%, as well as what the City's proportionate share of the net OPEB liability (asset) 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:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's proportionate share of the net OPEB liability	$ 386,125	$ 288,877	$ 213,939

At December 31, 2025, the City reported a payable to the OPEB plan, which represents contractually required contributions outstanding as of the end of the year.

Subsequent Events

On February 23, 2026, the City issued $6,705,000 of General Obligation Promissory Notes. The proceeds of the notes will be used to finance capital improvement projects included in the City’s 2026–2027 capital improvement plan and to current refund certain outstanding obligations.

On March 17, 2026, the City adopted resolutions to terminate TIF Districts No. 6 and TID No. 7, as all project costs had been recovered and statutory requirements for closure were met.

Economic Dependency

Sewer Utility

The sewer utility has two significant customers who were responsible for 44% of operating revenues in 2025.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*
- Statement No. 105, *Subsequent Events*

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Fort Atkinson

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

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Taxes				
General property taxes	$ 5,998,474	$ 5,998,474	$ 5,998,474	$ -
Interest and penalties on taxes	150	150	21	(129)
Payments in lieu of taxes	43,142	43,142	43,781	639
Total taxes	6,041,766	6,041,766	6,042,276	510
Intergovernmental Revenues				
Federal aid, law enforcement	-	-	2,172	2,172
State aid, law enforcement	-	-	6,400	6,400
State shared revenues	1,333,017	1,333,017	1,322,486	(10,531)
Fire insurance tax (2% fire dues)	56,000	56,000	61,310	5,310
Other state shared taxes	47,958	47,958	47,959	1
Personal property aids	142,762	142,762	142,763	1
Video service provider aid	31,658	31,658	31,659	1
State aid, general transportation aids	620,735	620,735	620,194	(541)
State aid, connecting streets	135,941	135,942	135,942	-
State aid - local road improvement	-	-	23,911	23,911
State aid, recycling	35,200	35,200	35,177	(23)
School resource officer	62,174	62,174	60,204	(1,970)
Payments for municipal services	2,030	2,030	2,030	-
Compost site, town	8,500	8,500	8,500	-
Total intergovernmental revenues	2,475,975	2,475,976	2,500,707	24,731
Licenses and Permits				
Liquor and malt beverage licenses	36,000	36,000	25,730	(10,270)
Operators' license	3,000	3,000	2,800	(200)
Cigarette licenses	1,900	1,900	1,900	-
Other business and occupational licenses	1,000	1,000	3,315	2,315
Cable television franchise fees	126,000	126,000	97,491	(28,509)
Bicycle licenses	100	100	150	50
Dog and cat licenses	20,000	20,000	20,256	256
Building permits	95,000	95,000	118,049	23,049
Electrical permits	30,000	30,000	48,425	18,425
Plumbing permits	8,000	8,000	21,356	13,356
Other permits	5,000	5,000	90,162	85,162
Zoning permits and fees	7,500	7,500	11,980	4,480
Total licenses and permits	333,500	333,500	441,614	108,114
Fines and Forfeitures				
Court penalties and costs	145,000	145,000	156,031	11,031
Parking violations	33,000	33,000	33,159	159
Total fines and forfeitures	178,000	178,000	189,190	11,190

See notes to required supplementary information

City of Fort Atkinson

Schedule of Revenues, Expenditures and Changesin Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Public Charges for Services				
General government	$ 2,500	$ 2,500	$ 8,854	$ 6,354
Law enforcement fees	5,000	5,000	2,728	(2,272)
Fire protection fees	-	-	103,598	103,598
Street related facilities	35,000	35,000	34,613	(387)
Parking lots, ramps and meters	110	110	50	(60)
Weed and nuisance control	2,000	2,000	787	(1,213)
Recreation programs	95,000	95,000	91,101	(3,899)
Museum	-	-	33,016	33,016
Swimming areas	168,000	168,000	180,153	12,153
Community center	2,500	2,500	1,837	(663)
Conservation and development	5,500	5,500	5,913	413
Economic development	2,500	2,500	(2,500)	(5,000)
Fiber	8,500	8,500	8,500	-
Total public charges for services	326,610	326,610	468,650	142,040
Intergovernmental Charges for Services				
Local, fire services	264,818	264,818	300,140	35,322
Investment Income				
Interest on investments	486,770	486,770	881,723	394,953
Interest on promissory notes	11,560	11,560	11,554	(6)
Total investment income	498,330	498,330	893,277	394,947
Miscellaneous				
Rent	23,300	23,300	13,034	(10,266)
Donations	-	18,993	18,993	-
Refund of prior year expenditures	-	-	1,357	1,357
Other miscellaneous	10,200	10,200	247,120	236,920
Insurance recoveries	-	-	3,077	3,077
Total miscellaneous	33,500	52,493	283,581	231,088
Total revenues	10,152,499	10,171,493	11,119,435	947,942

See notes to required supplementary information

City of Fort Atkinson

Schedule of Revenues, Expenditures and Changesin Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Expenditures				
General Government				
Council	$ 31,895	$ 31,895	$ 28,534	$ 3,361
Municipal court	78,100	78,100	68,819	9,281
Legal	40,625	40,625	40,366	259
City manager	106,402	106,402	114,880	(8,478)
Clerk	129,065	129,065	135,394	(6,329)
Labor relations	7,500	7,500	434	7,066
Board of review	51,000	51,000	48,187	2,813
Independent auditing	45,000	45,000	49,064	(4,064)
General buildings/plant/hall	57,257	57,257	53,244	4,013
Illegal taxes and refunds	100	100	16,318	(16,218)
Property and liability insurance	85,000	85,000	84,238	762
Law enforcement insurance	115,000	115,000	98,893	16,107
Other insurance	43,100	43,100	36,922	6,178
Health insurance	170,700	267,294	114,137	153,157
Manufacturing property assessment fees	4,000	4,000	3,949	51
Unemployment compensation costs	6,500	6,500	16,132	(9,632)
Contingency, health insurance	56,000	56,000	54,992	1,008
Other general government	3,000	3,000	2,113	887
Total general government	1,030,244	1,126,838	966,616	160,222
Public Safety				
Police	2,372,900	2,380,893	2,348,918	31,975
Crossing guards	24,600	24,600	15,928	8,672
Fire protection	1,171,500	1,171,500	1,212,295	(40,795)
Hydrant rental	1,500	1,500	299	1,201
Building inspection	107,700	107,700	109,301	(1,601)
Electrical inspection	47,106	47,106	46,699	407
Sealer of weights and measures	4,500	4,500	4,500	-
Civil defense	4,000	4,000	1,171	2,829
Emergency government	9,260	9,260	8,415	845
Other public safety	1,276,575	1,276,575	1,305,371	(28,796)
Total public safety	5,019,641	5,027,634	5,052,897	(25,263)

See notes to required supplementary information

City of Fort Atkinson

Schedule of Revenues, Expenditures and Changesin Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Public Works				
Public works/highway administration	$ 284,165	$ 284,165	$ 243,297	$ 40,868
Engineering	86,705	86,705	118,212	(31,507)
Machinery operation and maintenance	290,000	290,000	263,959	26,041
Garages and sheds	214,200	214,200	258,384	(44,184)
Highway and street maintenance	179,000	179,000	173,373	5,627
Curb and gutter	4,200	4,200	18,949	(14,749)
Tree and brush removal	6,000	6,000	5,225	775
Traffic control	87,700	87,700	61,196	26,504
Snow and ice control	209,000	209,000	176,585	32,415
Street lighting	307,000	307,000	313,960	(6,960)
Sidewalks	14,000	14,000	12,548	1,452
Parking facilities	9,600	9,600	11,814	(2,214)
Refuse and garbage collection	607,028	607,028	602,948	4,080
Recycling	179,511	179,511	188,053	(8,542)
Composting facility	29,500	29,500	42,105	(12,605)
Total public works	2,507,609	2,507,609	2,490,608	17,001
Health and Human Services				
Animal control	34,000	34,000	33,644	356
Culture, Recreation and Education				
Museum	182,245	193,245	201,707	(8,462)
Community center	71,291	71,291	65,221	6,070
Senior citizens' center	98,206	98,206	95,338	2,868
Recreation administration	286,681	286,681	265,430	21,251
Recreation facilities	267,950	267,950	268,452	(502)
Celebration and entertainment	31,700	31,700	30,400	1,300
Parks	386,575	386,575	390,473	(3,898)
Other culture	320,087	320,087	342,585	(22,498)
Total culture, recreation and education	1,644,735	1,655,735	1,659,606	(3,871)
Conservation and Development				
Forestry	163,500	163,500	129,370	34,130
Industrial development	24,000	24,000	53,441	(29,441)
Other conservation and development	68,770	68,770	55,671	13,099
Total conservation and development	256,270	256,270	238,482	17,788

See notes to required supplementary information

City of Fort Atkinson

Schedule of Revenues, Expenditures and Changesin Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Capital Outlay				
Other conservation and development	$ -	$ -	$ 50,141	$ (50,141)
Total expenditures	10,492,499	10,608,086	10,491,994	116,092
Excess (deficiency) of revenues over (under) expenditures	(340,000)	(436,593)	627,441	1,064,034
Other Financing Sources (Uses)				
Transfers in	340,000	340,000	551,649	211,649
Transfers out	-	-	(197,247)	(197,247)
Total other financing sources (uses)	340,000	340,000	354,402	14,402
Net change in fund balance	-	(96,593)	981,843	1,078,436
Fund Balance, Beginning	10,152,516	10,152,516	10,152,516	-
Fund Balance, Ending	$ 10,152,516	$ 10,055,923	$ 11,134,359	$ 1,078,436

See notes to required supplementary information

City of Fort Atkinson

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Transportation Improvements
Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Taxes				
General property taxes	$ 500,000	$ 500,000	$ 500,000	$ -
Motor vehicle registration fee	210,000	210,000	236,061	26,061
Total taxes	710,000	710,000	736,061	26,061
Intergovernmental				
State LRIP - capital	-	-	64,441	64,441
Total revenues	710,000	710,000	800,502	90,502
Expenditures				
Capital Outlay				
Capital outlay	1,090,000	1,090,000	1,188,085	(98,085)
Total expenditures	1,090,000	1,090,000	1,188,085	(98,085)
Excess (deficiency) of revenues over (under) expenditures	(380,000)	(380,000)	(387,583)	(7,583)
Other Financing Sources				
Debt issued	208,700	208,700	-	(208,700)
Total other financing sources	208,700	208,700	-	(208,700)
Net change in fund balance	(171,300)	(171,300)	(387,583)	(216,283)
Fund Balance, Beginning	864,919	864,919	864,919	-
Fund Balance, Ending	$ 693,619	$ 693,619	$ 477,336	$ (216,283)

See notes to required supplementary information

City of Fort Atkinson

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
Wisconsin Retirement System
Year Ended December 31, 2025

City Fiscal Year Ending	Proportionate of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/25	0.04702095%	$ 772,631	$ 6,548,957	11.80%	98.79%
12/31/24	0.04326547%	643,276	6,381,254	10.08%	98.85%
12/31/23	0.03936071%	2,085,213	5,280,272	39.49%	95.72%
12/31/22	0.03943484%	(3,178,520)	5,119,614	62.09%	106.02%
12/31/21	0.03945772%	(2,463,400)	5,185,422	47.51%	105.26%
12/31/20	0.03895124%	(1,255,965)	5,082,878	24.71%	102.96%
12/31/19	0.03824638%	1,360,686	4,816,488	28.25%	96.45%
12/31/18	0.03768448%	(1,118,896)	4,673,410	23.94%	102.93%
12/31/17	0.03713569%	306,087	4,580,496	6.68%	99.12%
12/31/16	0.03728650%	605,898	4,538,005	13.35%	98.20%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2025

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/25	$ 786,847	$ 786,847	$ -	$ 6,862,057	11.47%
12/31/24	738,424	738,424	-	6,582,540	11.22%
12/31/23	672,175	672,175	-	6,382,100	10.53%
12/31/22	460,311	460,311	-	5,267,447	8.74%
12/31/21	452,309	452,309	-	5,119,614	8.83%
12/31/20	452,027	452,027	-	5,185,422	8.72%
12/31/19	412,584	412,584	-	5,082,878	8.12%
12/31/18	387,884	387,884	-	4,817,138	8.05%
12/31/17	398,149	398,149	-	4,673,418	8.52%
12/31/16	361,620	361,620	-	4,580,496	7.89%

See notes to required supplementary information

Schedule of Proportionate Share of the Net Insurance OPEB Liability -
Local Retiree Life Insurance Fund
Year Ended December 31, 2025

City Fiscal Year Ending	Proportionate of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/25	0.07383900%	$ 288,877	$ 4,957,000	5.83%	37.20%
12/31/24	0.07491400%	344,653	4,422,000	7.79%	33.90%
12/31/23	0.07170800%	273,195	3,986,000	6.85%	38.81%
12/31/22	0.06998700%	413,649	4,124,000	10.03%	29.57%
12/31/21	0.07418600%	408,077	3,950,000	10.33%	31.36%
12/31/20	0.07190600%	306,190	3,798,000	8.06%	37.58%
12/31/19	0.06893300%	177,870	3,625,000	4.91%	48.69%
12/31/18	0.07056300%	212,294	2,967,376	7.15%	44.81%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund
Year Ended December 31, 2025

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/25	$ 1,514	$ 1,514	$ -	$ 5,692,416	0.03%
12/31/24	1,567	1,567	-	5,502,136	0.03%
12/31/23	1,541	1,541	-	5,010,569	0.03%
12/31/22	1,444	1,444	-	4,253,378	0.03%
12/31/21	1,401	1,401	-	4,090,835	0.03%
12/31/20	1,467	1,467	-	4,101,987	0.04%
12/31/19	1,433	1,433	-	3,871,256	0.04%
12/31/18	1,335	1,335	-	2,919,583	0.05%

See notes to required supplementary information

City of Fort Atkinson

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios ·
Health Insurance
Year Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 18,119	$ 14,806	$ 20,080	$ 18,807	$ 17,039	$ 18,641	$ 20,221	$ 20,221
Interest	16,702	20,240	11,324	8,628	10,206	22,555	19,822	19,852
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(27,629)	(89,720)	(27,886)	(3,519)	-	(206,641)	-	-
Changes of assumptions	(5,985)	18,108	(58,191)	191,745	10,202	(8,832)	(17,262)	-
Benefit payments	(20,853)	(26,728)	(38,557)	(28,530)	(23,472)	(11,905)	(37,004)	(44,860)
Net change in total OPEB liability	(19,646)	(63,294)	(93,230)	187,131	13,975	(186,182)	(14,223)	(4,787)
Total OPEB Liability, Beginning	418,914	482,208	575,438	388,307	374,332	560,514	574,737	579,524
Total OPEB Liability, Ending	$ 399,268	$ 418,914	$ 482,208	$ 575,438	$ 388,307	$ 374,332	$ 560,514	$ 574,737
Covered, Employee Payroll	$ 6,448,275	$ 6,448,275	$ 4,825,523	$ 4,825,523	$ 5,036,448	$ 5,036,448	$ 4,461,015	$ 4,461,015
Total OPEB Liability as a Percentage of Covered, Employee Payroll	6.19%	6.50%	9.99%	11.92%	7.71%	7.43%	12.56%	12.88%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the calendar-year end prior to the year reported.

Benefit changes. There were no changes to the benefits.

Changes of assumptions. The discount rate assumption was changed from 4.0% to 4.28% for the current year.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Note: this schedule is to show information for 10 years. However, accounting standards allow the presentation of as many years as are available until 10 years are presented.

See notes to required supplementary information

Budgetary Information

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

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were $145,609. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

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

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement 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 postretirement 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

Local Retiree Life Insurance Fund

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

City of Fort Atkinson

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds				
	Wisconsin Development Fund	Library Trust	Museum Trust	EMS	Lodging Room Tax
Assets					
Cash and investments	$ 522,614	$ 1,001,422	$ 1,121,720	$ -	$ 141,754
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	-	-	-	571,847	57,155
Loans	-	-	-	-	-
Prepaid items	-	-	-	770	392
Total assets	$ 522,614	$ 1,001,422	$ 1,121,720	$ 572,617	$ 199,301
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 4,506	$ 42,766
Due to other funds	-	-	-	149,903	-
Total liabilities	-	-	-	154,409	42,766
Deferred Inflows of Resources					
Unearned revenues	-	-	-	-	-
Unavailable revenues	-	-	-	200,046	-
Total deferred inflows of resources	-	-	-	200,046	-
Fund Balances (Deficit)					
Nonspendable	-	-	-	770	392
Restricted	-	1,001,422	1,121,720	-	156,143
Committed	-	-	-	217,392	-
Assigned	522,614	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	522,614	1,001,422	1,121,720	218,162	156,535
Total liabilities, deferred inflows of resources and fund balances	$ 522,614	$ 1,001,422	$ 1,121,720	$ 572,617	$ 199,301

Special Revenue Funds						
Dwight Foster Public Library	Subsidized Taxi Program	CDBG	Municipal Airport	Capital Catalyst Grant	Affordable Housing Fund
$ 106,055	$ 69,225	$ -	$ 143,085	$ 177,000	$ 1,121,352
637,000	-	-	-	-	-
-	-	-	996	643	-
-	-	-	-	355,723	-
1,842	-	-	10,464	-	-
$ 744,897	$ 69,225	$ -	$ 154,545	$ 533,366	$ 1,121,352
$ 16,471	$ 70,807	$ -	$ 427	$ -	$ -
-	-	-	-	-	-
16,471	70,807	-	427	-	-
637,000	-	-	-	-	-
-	-	-	-	-	-
637,000	-	-	-	-	-
1,842	-	-	10,464	-	-
89,584	-	-	-	533,366	1,121,352
-	-	-	-	-	-
-	-	-	143,654	-	-
-	(1,582)	-	-	-	-
91,426	(1,582)	-	154,118	533,366	1,121,352
$ 744,897	$ 69,225	$ -	$ 154,545	$ 533,366	$ 1,121,352

City of Fort Atkinson

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2025

	Capital Projects Funds				
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 10	Total Nonmajor Governmental Funds
Assets					
Cash and investments	$ 1,296,926	$ 282,135	$ -	$ 4,322	$ 5,987,610
Receivables (net):					
Taxes	146,730	421,494	-	113,559	1,318,783
Accounts	4,101	-	-	-	634,742
Loans	-	-	-	-	355,723
Prepaid items	-	-	-	-	13,468
Total assets	$ 1,447,757	$ 703,629	$ -	$ 117,881	$ 8,310,326
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ -	$ 134,977
Due to other funds	-	-	-	-	149,903
Total liabilities	-	-	-	-	284,880
Deferred Inflows of Resources					
Unearned revenues	146,730	421,494	-	113,559	1,318,783
Unavailable revenues	-	-	-	-	200,046
Total deferred inflows of resources	146,730	421,494	-	113,559	1,518,829
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	13,468
Restricted	1,301,027	282,135	-	4,322	5,611,071
Committed	-	-	-	-	217,392
Assigned	-	-	-	-	666,268
Unassigned (deficit)	-	-	-	-	(1,582)
Total fund balances (deficit)	1,301,027	282,135	-	4,322	6,506,617
Total liabilities, deferred inflows of resources and fund balances	$ 1,447,757	$ 703,629	$ -	$ 117,881	$ 8,310,326

City of Fort Atkinson

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Special Revenue Funds				
	Wisconsin Development Fund	Library Trust	Museum Trust	EMS	Lodging Room Tax
Revenues					
Taxes	$ -	$ -	$ -	$ -	$ 69,885
Intergovernmental	-	-	-	-	-
Public charges for services	-	-	-	1,106,258	-
Intergovernmental charges for services	-	-	-	73,569	-
Investment income	1,696	135,226	137,434	-	-
Miscellaneous	-	180,646	-	-	-
Total revenues	1,696	315,872	137,434	1,179,827	69,885
Expenditures					
Current:					
General government	-	-	-	-	29,319
Public safety	-	-	-	937,063	-
Culture, recreation and education	-	78,171	35,448	-	-
Conservation and development	(2,500)	-	-	-	22,348
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	(2,500)	78,171	35,448	937,063	51,667
Excess (deficiency) of revenues over expenditures	4,196	237,701	101,986	242,764	18,218
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(106,908)	-	-	-
Sales of fixed assets	-	-	-	-	-
Total other financing sources (uses)	-	(106,908)	-	-	-
Net change in fund balances	4,196	130,793	101,986	242,764	18,218
Fund Balances (Deficit), Beginning	518,418	870,629	1,019,734	(24,602)	138,317
Fund Balances (Deficit), Ending	$ 522,614	$ 1,001,422	$ 1,121,720	$ 218,162	$ 156,535

Special Revenue Funds						
Dwight Foster Public Library	Subsidized Taxi Program	CDBG	Municipal Airport	Capital Catalyst Grant	Affordable Housing Fund
$ 624,000	$ -	$ -	$ -	$ -	$ -
317,599	101,310	-	-	-	-
9,430	-	-	144,388	-	-
-	-	-	-	-	-
-	-	-	-	7,907	12,914
28,674	-	-	-	-	-
979,703	101,310	-	144,388	7,907	12,914
-	-	-	119,586	3,800	-
-	-	-	-	-	-
969,971	-	-	-	-	-
-	196,880	-	-	76,500	-
106,908	-	5,750	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,076,879	196,880	5,750	119,586	80,300	-
(97,176)	(95,570)	(5,750)	24,802	(72,393)	12,914
106,908	-	197,247	-	-	1,108,438
-	-	-	-	-	-
-	6,128	-	-	-	-
106,908	6,128	197,247	-	-	1,108,438
9,732	(89,442)	191,497	24,802	(72,393)	1,121,352
81,694	87,860	(191,497)	129,316	605,759	-
$ 91,426	$ (1,582)	$ -	$ 154,118	$ 533,366	$ 1,121,352

City of Fort Atkinson

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Capital Projects Funds				
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 10	Total Nonmajor Governmental Funds
Revenues					
Taxes	$ 137,071	$ 388,941	$ 1,108,438	$ 38,339	$ 2,366,674
Intergovernmental	4,767	15,466	63,245	-	502,387
Public charges for services	-	-	-	-	1,260,076
Intergovernmental charges for services	-	-	-	-	73,569
Investment income	37,471	55	-	265	332,968
Miscellaneous	11,148	-	-	-	220,468
Total revenues	190,457	404,462	1,171,683	38,604	4,756,142
Expenditures					
Current:					
General government	-	-	-	-	152,705
Public safety	-	-	-	-	937,063
Culture, recreation and education	-	-	-	-	1,083,590
Conservation and development	32,182	150	43,370	8,796	377,726
Capital outlay	-	18,871	-	-	131,529
Debt service:					
Principal	40,000	-	-	-	40,000
Interest and fiscal charges	3,050	-	-	-	3,050
Total expenditures	75,232	19,021	43,370	8,796	2,725,663
Excess (deficiency) of revenues over expenditures	115,225	385,441	1,128,313	29,808	2,030,479
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	1,412,593
Transfers out	(200,791)	(113,166)	(1,128,313)	-	(1,549,178)
Sales of fixed assets	305,459	-	-	-	311,587
Total other financing sources (uses)	104,668	(113,166)	(1,128,313)	-	175,002
Net change in fund balances	219,893	272,275	-	29,808	2,205,481
Fund Balances (Deficit), Beginning	1,081,134	9,860	-	(25,486)	4,301,136
Fund Balances (Deficit), Ending	$ 1,301,027	$ 282,135	$ -	$ 4,322	$ 6,506,617