

DRAFT



**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2025**

Page

INDEPENDENT AUDITOR'S REPORT.....	i - iii
-----------------------------------	---------

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements

Statement of Net Position.....	1
Statement of Activities	2

Fund Financial Statements

Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7 – 8
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10
Statement of Fiduciary Net Position – Fiduciary Fund	11
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	12

Notes to the Basic Financial Statements	13 – 50
---	---------

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (with Variances) – General Fund.....	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (with Variances) – Fire Department Fund	52
Wisconsin Retirement System Schedules	53
Notes to Required Supplementary Information	54 – 57

OTHER SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – Non-Major Governmental Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	59
Schedule of Revenues and Expenditures – Budget and Actual (with Variances) – General Fund.....	60 – 65

INDEPENDENT AUDITOR’S REPORT

To the Village Board
Village of Palmyra
Palmyra, Wisconsin

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 4H to the financial statements, effective January 1, 2025, the Village of Palmyra, Wisconsin corrected an error on the previously issued statements for the year ended December 31, 2024. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Palmyra, Wisconsin'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Palmyra, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Palmyra, Wisconsin'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 budgetary comparison information and Wisconsin Retirement System schedules on pages 51 through 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Palmyra, Wisconsin'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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT

BASIC FINANCIAL STATEMENTS

Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 1,710,893	\$ 2,321,868	\$ 4,032,761
Receivables			
Taxes	812,644	-	812,644
Short-term lease receivable	-	42,310	42,310
Interest	-	8,296	8,296
Accounts, net	86,964	221,658	308,622
Inventories	-	21,769	21,769
Restricted cash and investments	5,781,508	702,664	6,484,172
Capital assets:			
Land, improvements, and construction work in progress	1,318,391	536,181	1,854,572
Other capital assets, net of depreciation	4,972,856	8,014,939	12,987,795
Net capital assets	6,291,247	8,551,120	14,842,367
Other assets:			
Long-term lease receivable	-	1,117,766	1,117,766
Net other assets	-	1,117,766	1,117,766
Total assets	14,683,256	12,987,451	27,670,707
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	538,742	61,835	600,577
Total deferred outflows of resources	538,742	61,835	600,577
 Total Assets and Deferred Outflows of Resources	 \$ 15,221,998	 \$ 13,049,286	 \$ 28,271,284
LIABILITIES			
Accounts payable and accrued expenses	\$ 183,130	\$ 82,620	\$ 265,750
Accrued interest	26,384	6,391	32,775
Net pension liability	88,167	10,120	98,287
Long-term liabilities:			
Due within one year:			
Notes and bonds payable	463,436	163,535	626,971
Compensated absences	35,504	9,977	45,481
Due in more than one year:			
Notes and bonds payable	7,381,572	2,415,004	9,796,576
Unamortized debt premium	267,343	-	267,343
Compensated absences	27,498	9,253	36,751
Total liabilities	8,473,034	2,696,900	11,169,934
DEFERRED INFLOWS OF RESOURCES			
Deferred lease inflows	-	1,062,081	1,062,081
Deferred tax levy	1,652,530	-	1,652,530
Deferred pension inflows	271,870	31,204	303,074
Total deferred inflows of resources	1,924,400	1,093,285	3,017,685
NET POSITION			
Invested in capital assets, net of related debt	3,795,264	5,972,581	9,767,845
Restricted for:			
Future capital improvements	158,152	-	158,152
Restricted contributions	106,998	-	106,998
Façade renovation program	17,357	-	17,357
Tax increment financing	579,740	-	579,740
Debt service	121,687	89,140	210,827
Replacement fund	-	613,524	613,524
Unrestricted	45,366	2,583,856	2,629,222
Total net position	4,824,564	9,259,101	14,083,665
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 15,221,998	 \$ 13,049,286	 \$ 28,271,284

See accompanying notes to the basic financial statements.

**Village of Palmyra
Palmyra, Wisconsin**

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

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities						
General government	\$ 199,502	\$ 35,986	\$ -	\$ -	\$ (163,516)	\$ (163,516)
Public safety	1,525,178	371,324	70,534	-	(1,083,320)	(1,083,320)
Public works	577,355	163,514	98,594	7,344	(307,903)	(307,903)
Health and human services	5,072	-	-	-	(5,072)	(5,072)
Culture, recreation, and education	306,588	50,970	119,952	-	(135,666)	(135,666)
Conservation and development	37,723	-	-	-	(37,723)	(37,723)
Interest on long-term debt	252,555	-	-	-	(252,555)	(252,555)
Total governmental activities	2,903,973	621,794	289,080	7,344	(1,985,755)	(1,985,755)
Business-type activities						
Water	437,739	307,312	-	281,643	-	\$ 151,216
Sewer	833,781	682,611	-	2,030	-	(149,140)
Total business-type activities	1,271,520	989,923	-	283,673	-	2,076
Total	\$ 4,175,493	\$ 1,611,717	\$ 289,080	\$ 291,017	(1,985,755)	(1,983,679)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					940,566	940,566
Property taxes, levied for debt service					420,052	420,052
Mobile home taxes					9,965	9,965
Special assessments					4,027	4,027
Grants and contributions not restricted to specific programs					422,105	422,105
Unrestricted investment earnings					52,818	144,507
Miscellaneous					18,582	78,652
Transfers					(53,988)	53,988
Total general revenues					1,814,127	2,77,147
<i>Special item</i> - gain (loss) on sale of asset					10,161	-
Change in net position					(161,467)	279,223
Net position - beginning of year, as previously stated					5,005,696	8,960,213
Error correction					(19,665)	19,665
Net position - beginning of year, as restated					4,986,031	8,979,878
Net position - end of year					\$ 4,824,564	\$ 9,259,101

See accompanying notes to the basic financial statements.

**Village of Palmyra
Palmyra, Wisconsin**

**Balance Sheet
Governmental Funds
December 31, 2025**

	General Fund	Debt Service	Fire Department	Tax Incremental District #4	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 107,515	\$ 347,785	\$ -	\$ 14,369	\$ 1,241,225	\$ 1,710,894
Receivables:						
Taxes	254,030	218,241	192,721	56,910	90,742	812,644
Customer Accounts	-	-	-	-	40,570	40,570
Special Assessments	2,833	-	-	-	-	2,833
Other, Net	-	-	17,424	-	26,137	43,561
Due from Other Funds	25,243	-	-	-	-	25,243
Restricted Cash	-	-	34,960	5,264,137	482,411	5,781,508
Advances Receivable	430,000	-	-	-	-	430,000
Total Assets	\$ 819,621	\$ 566,026	\$ 245,105	\$ 5,335,416	\$ 1,881,085	\$ 8,847,253
LIABILITIES						
Accounts Payable	\$ 54,670	\$ -	\$ 18,570	\$ 58,969	\$ 4,971	\$ 137,180
Accrued Liabilities	25,197	-	6,781	-	3,467	35,445
Building Bonds Payable	10,505	-	-	-	-	10,505
Due to Other Funds	-	-	-	-	25,243	25,243
Advances Payable	-	-	430,000	-	-	430,000
Total Liabilities	90,372	-	455,351	58,969	33,681	638,373
DEFERRED INFLOWS OF RESOURCES	518,022	444,339	392,382	115,870	210,877	1,681,490
FUND BALANCES (DEFICIT)						
Nonspendable	430,000	-	-	-	-	430,000
Restricted	-	121,687	38,802	5,160,577	1,186,944	6,508,010
Assigned	37,108	-	-	-	478,807	515,915
Unassigned (Deficit)	(255,881)	-	(641,430)	-	(29,224)	(926,535)
Total Fund Balances (Deficit)	211,227	121,687	(602,628)	5,160,577	1,636,527	6,527,390
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 819,621	\$ 566,026	\$ 245,105	\$ 5,335,416	\$ 1,881,085	\$ 8,847,253

See accompanying notes to the basic financial statements.

DRAFT

Village of Palmyra
Palmyra, Wisconsin

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

Total fund balance, governmental funds	\$	6,527,390
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		6,291,247
--	--	-----------

Special assessments and other deferred inflows are not available to pay for current period expenditures, and therefore, are reported as deferred special assessments, deferred EMS charges, and façade loans in the funds.		28,960
--	--	--------

Pension assets and liabilities and deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit plans. These items are reflected in the Statement of Net Position and are being amortized with expenses in the Statement of Activities. The net pension liability, deferred outflows of resources, and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Net pension liability	(88,167)	
Deferred outflows of resources	538,742	
Deferred inflows of resources	(271,870)	
		178,705

Some liabilities (such as Notes Payable, Lease Liabilities, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Position.

Notes and Bonds - Current	(463,436)	
Notes and Bonds - Noncurrent	(7,381,572)	
Unamortized Debt Premium	(267,343)	
Accrued Interest	(26,384)	
Compensated Absences - Current	(35,504)	
Compensated Absences - Noncurrent	(27,498)	(8,201,737)
Rounding		(1)

Net Position of Governmental Activities in the Statement of Net Position	\$	4,824,564
--	----	-----------

See accompanying notes to the basic financial statements.

Village of Palmyra
Palmyra, Wisconsin

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

	General Fund	Debt Service	Fire Department	Formerly Major Fund	Formerly Non-Major Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 428,449	\$ 420,053	\$ 252,613	\$ -	\$ 26,737	\$ 232,768	\$ 1,360,620
Other Taxes	9,965	-	-	-	-	-	9,965
Intergovernmental	486,503	-	60,560	-	-	164,991	712,054
Licenses and Permits	37,685	-	-	-	-	-	37,685
Fines, Forfeits and Penalties	8,561	-	-	-	-	-	8,561
Public Charges for Services	31,319	-	101,289	-	-	184,556	317,164
Intergovernmental Charges for Services	-	-	250,178	-	-	8,000	258,178
Interest and Investment Income	9,646	-	37	-	4,271	38,863	52,817
Repayment of Notes Receivable	-	-	-	-	-	11,254	11,254
Miscellaneous	21,114	-	6,434	-	-	3,696	31,244
Total Revenues	1,033,242	420,053	671,111	-	31,008	644,128	2,799,542
EXPENDITURES							
Current:							
General Government	195,336	-	-	-	4,694	900	200,930
Public Safety	537,473	-	867,853	-	-	-	1,405,326
Public Works	303,553	-	-	-	-	70,073	373,626
Health and Human Services	-	-	-	-	-	-	5,072
Culture, Recreation and Education	62,825	-	-	-	-	232,041	294,866
Conservation and Development	14,080	-	-	-	288,658	-	302,738
Capital Outlay	-	-	-	-	-	129,777	129,777
Debt Service:							
Principal Repayment	-	375,991	-	-	-	50,000	425,991
Interest Expense and Fiscal Changes	-	43,786	-	-	179,738	17,821	241,345
Total Expenditures	1,118,339	419,777	867,853	-	473,090	500,612	3,379,671
Excess (Deficiency) of Revenues Over Expenditures	(85,097)	276	(196,742)	-	(442,082)	143,516	(580,129)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	-	-	8,207	-	-	-	8,207
Proceeds from Long-Term Debt	-	-	-	-	5,435,000	620,000	6,055,000
Proceeds from Premium on Long-Term Debt	-	-	-	-	226,760	40,583	267,343
Transfers In	51,012	-	-	-	-	-	51,012
Transfers Out	-	-	(11,054)	-	-	(93,946)	(105,000)
Total Other Financing Sources (Uses)	51,012	-	(2,847)	-	5,661,760	566,637	6,276,562
Net Change in Fund Balances (Deficits)	(34,085)	276	(199,589)	-	5,219,678	710,153	5,696,433
Fund Balances (Deficits) - Beginning of year, as previously reported	245,312	121,411	(403,039)	86,925	-	943,351	993,960
Change within financial reporting entity	-	-	-	(86,925)	(59,101)	146,026	-
Error correction	-	-	-	-	-	(163,003)	(163,003)
Fund Balances (Deficits) - Beginning of year, as restated	245,312	121,411	(403,039)	-	(59,101)	926,374	830,957
Fund Balances (Deficits) - End of year	\$ 211,227	\$ 121,687	\$ (602,628)	\$ -	\$ 5,160,577	\$ 1,636,527	\$ 6,527,390

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

Net change in fund balances - total governmental funds:	\$	5,696,433
---	----	-----------

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$414,421 were more than depreciation \$331,658 in the current period.		82,763
--	--	--------

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		(11,254)
---	--	----------

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

The amount of long-term debt principal payments in the current year		425,991
The amount of long-term debt acquired in the current year		(6,055,000)
Premium on long-term debt		(267,343)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds		(11,209)
--	--	----------

The Government-wide statements reflect assets and liabilities, deferred outflows of resources, and deferred inflows of outflows for the WRS pension plan. The fund statements do not reflect these accounts. This amount reflects the net change in the net pension liability that is reflected in the Statement of Activities but not in the fund statements.

4,757

Compensated absences are reported in governmental funds when amounts are paid. The statement of activities reports the amount earned during the year.		(26,605)
Change in net position of governmental activities	\$	<u>(161,467)</u>

See accompanying notes to the basic financial statements.

Statement of Net Position
Proprietary Funds
December 31, 2025

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,396,264	\$ 925,604	\$ 2,321,868
Receivables:			
Special Assessments	1,434	10,590	12,024
Customer Accounts	45,383	164,251	209,634
Short-Term Lease Receivable	42,310	-	42,310
Interest Receivable	8,296	-	8,296
Inventories	19,649	2,120	21,769
Total Current Assets	1,513,336	1,102,565	2,615,901
Restricted Assets:			
Cash and Investments	-	702,664	702,664
Total Restricted Assets	-	702,664	702,664
Capital Assets:			
Land	900	92,732	93,632
Construction Work in Progress	442,549	-	442,549
Other Capital Assets, Net of Depreciation	2,039,061	5,975,878	8,014,939
Net Capital Assets	2,482,510	6,068,610	8,551,120
Other Assets:			
Lease Receivable	1,117,766	-	1,117,766
Total Other Assets	1,117,766	-	1,117,766
Total Assets	5,113,612	7,873,839	12,987,451
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	26,841	34,994	61,835
Total Deferred Outflows of Resources	26,841	34,994	61,835
 Total Assets and Deferred Outflows of Resources	 \$ 5,140,453	 \$ 7,908,833	 \$ 13,049,286

**Statement of Net Position
Proprietary Funds
December 31, 2025**

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 12,597	\$ 14,791	\$ 27,388
Accrued Liabilities	1,310	1,515	2,825
Taxes Accrued	52,407	-	52,407
Accrued Interest Payable	-	6,391	6,391
Bonds and Notes Payable	-	163,535	163,535
Compensated Absences	4,563	5,414	9,977
Total Current Liabilities	<u>70,877</u>	<u>191,646</u>	<u>262,523</u>
Non-Current Liabilities:			
Long-Term Debt:			
Bonds and Notes Payable	-	2,415,004	2,415,004
Compensated Absences	4,157	5,096	9,253
Total Long-Term Debt	<u>4,157</u>	<u>2,420,100</u>	<u>2,424,257</u>
Other Liabilities:			
Net Pension Liability	4,393	5,727	10,120
Total Other Liabilities	<u>4,393</u>	<u>5,727</u>	<u>10,120</u>
Total Non-Current Liabilities	<u>8,550</u>	<u>2,425,827</u>	<u>2,434,377</u>
Total Liabilities	<u>79,427</u>	<u>2,617,473</u>	<u>2,696,900</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Pension Inflows	13,545	17,659	31,204
Deferred Lease Inflows	1,062,081	-	1,062,081
Total Deferred Inflows of Resources	<u>1,075,626</u>	<u>17,659</u>	<u>1,093,285</u>
NET POSITION			
Net Investment in Capital Assets	2,482,510	3,490,071	5,972,581
Restricted for:			
Replacement Fund	-	613,524	613,524
Debt Service Redemption	-	89,140	89,140
Unrestricted	1,502,890	1,080,966	2,583,856
Total Net Position	<u>3,985,400</u>	<u>5,273,701</u>	<u>9,259,101</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 5,140,453</u>	 <u>\$ 7,908,833</u>	 <u>\$ 13,049,286</u>

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

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 307,312	\$ 668,850	\$ 976,162
Other Operating Revenues	78,652	13,761	92,413
Total Operating Revenues	385,964	682,611	1,068,575
OPERATING EXPENSES			
Operation and Maintenance	311,070	484,714	795,784
Depreciation	114,414	301,589	416,003
Taxes	12,255	8,726	20,981
Total Operating Expenses	437,739	795,029	1,232,768
Operating Income (Loss)	(51,775)	(112,418)	(164,193)
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	72,925	71,581	144,506
Miscellaneous Non-Operating Revenue	281,643	-	281,643
Interest Expense	-	(38,751)	(38,751)
Total Non-Operating Revenue (Expenses)	354,568	32,830	387,398
Income (Loss) Before Capital Contributions and Transfers	302,793	(79,588)	223,205
Capital Contributions	-	2,030	2,030
Transfers In	-	105,000	105,000
Transfers Out	(51,012)	-	(51,012)
Change in Net Position	251,781	27,442	279,223
Total Net Position - Beginning of Year, as Previously Reported	3,713,954	5,246,259	8,960,213
Error Correction	19,665	-	19,665
Total Net Position - Beginning of year, as Restated	3,733,619	5,246,259	8,979,878
Total Net Position - End of year	\$ 3,985,400	\$ 5,273,701	\$ 9,259,101

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

	Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 305,686	\$ 669,480	\$ 975,166
Payments to suppliers	(184,182)	(346,806)	(530,988)
Payments to employees	(130,347)	(147,780)	(278,127)
Taxes paid	(10,860)	(8,726)	(19,586)
Net cash provided (used) by operating activities	(19,703)	166,168	146,465
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(410,521)	(127,699)	(538,220)
Proceeds from legal settlement	281,643	-	281,643
Principal payments on long-term debt	(25,000)	(161,289)	(186,289)
Interest paid	(150)	(39,397)	(39,547)
Net cash provided (used) by capital and related financing activities	(154,028)	(328,385)	(482,413)
<u>Cash Flows from Investing Activities:</u>			
Interest income	72,925	71,581	144,506
Net cash provided (used) by investing activities	72,925	71,581	144,506
Net increase (decrease) in cash and investments	(100,806)	(90,636)	(191,442)
Cash and Investments - Beginning of year, as previously reported	1,334,067	1,718,904	3,052,971
Error Correction	163,003	-	163,003
Cash and Investments - Beginning of year, as restated	1,497,070	1,718,904	3,215,974
Cash and Investments - End of year	\$ 1,396,264	\$ 1,628,268	\$ 3,024,532
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</u>			
Cash and Investments	\$ 1,396,264	\$ 925,604	\$ 2,321,868
Restricted Cash and Investments	-	702,664	702,664
	\$ 1,396,264	\$ 1,628,268	\$ 3,024,532
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating Income (Loss)	\$ (51,775)	\$ (112,418)	\$ (164,193)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Transfers	(51,012)	105,000	53,988
Depreciation	114,414	301,589	416,003
Joint Meter Allocation	7,381	(7,381)	-
Pension Expense	1,540	1,822	3,362
Lease receivables	(22,749)	-	(22,749)
Miscellaneous	-	2,030	2,030
Changes in Assets and Liabilities:			
Accounts receivable	(1,626)	630	(996)
Prepaid expenses	8,377	-	8,377
Accounts payable	(24,756)	(124,259)	(149,015)
Accrued liabilities	(2,781)	(3,508)	(6,289)
Accrued taxes	1,395	-	1,395
Compensated absences	1,889	2,663	4,552
Net cash provided (used) by operating activities	\$ (19,703)	\$ 166,168	\$ 146,465

**Village of Palmyra
Palmyra, Wisconsin**

DRAFT

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

	<u>Tax Collections</u>
ASSETS	
Cash and Investments	\$ 921,577
Taxes Receivable	897,096
Total Assets	<u><u>\$ 1,818,673</u></u>
LIABILITIES	
Due to Other Governments	<u>\$ 1,818,673</u>
Total Liabilities	<u><u>\$ 1,818,673</u></u>

See accompanying notes to the basic financial statements.

Village of Palmyra
Palmyra, Wisconsin

DRAFT

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

	<u>Tax Collections</u>
ADDITIONS	
Property Tax Collections for Other Governments	<u>\$ 1,278,023</u>
Total Additions	<u>1,278,023</u>
DEDUCTIONS	
Payments of Taxes to Other Governments	<u>1,278,023</u>
Total Deductions	<u>1,278,023</u>
Net increase (decrease) in fiduciary net position	-
Net position - Beginning of year	-
Net position - End of year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Village is a municipal corporation governed by an elected seven-member Board. This report includes all funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or had the ability to otherwise 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 specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Based on the aforementioned criteria, there are no organizations considered component units and a part of the financial reporting entity of the Village.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

1. Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual 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 and deferred outflows of resources, liabilities and deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

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

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

The Village reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations principal, interest, and related costs (other than debt accounted for in the Proprietary Funds).

Fire Department Fund – This fund is used to account for the activities involving the Village’s Fire Department.

Tax Incremental District No. 4 – This fund accounts for the financial statement transactions of the Village’s Tax Incremental Financing District No. 4.

1. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

The Village also reports the following non-major governmental funds:

Tax Incremental District No. 3 – This fund accounts for the financial statement transactions of the Village’s Tax Incremental Financing District No. 3.

Capital Projects Fund – This fund accounts for the activities involving borrowing for construction or purchase of capital assets.

Library Fund – This fund accounts for the activities of operating and maintaining the Village library.

Recreation Fund – This fund accounts for activities of operating the Village’s recreational programming.

Façade Renovation Fund – This fund accounts for the activities related to the Village’s façade loan program.

Stormwater Fund – This fund accounts for the activities of the Village’s stormwater utility.

The Village reports the following major enterprise funds:

Water Fund – This fund accounts for the activities of operating the water distribution system.

Sewer Fund – This fund accounts for the activities of operating the sewage treatment plant, sewage pumping stations, and collections system.

The Village also reports the following fiduciary fund:

Custodial Fund – The custodial fund accounts for property taxes and specials collected on behalf of other governments.

Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. 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 of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Village's water and sewer functions and various other functions of the Village. 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 recognized as soon as they are both *measurable* and *available*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows or resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recognized as revenue when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows or resources.

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

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The Village reports deferred inflows of resources on its balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the period in which the funds are first permitted to be used. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow of resources is removed from the balance sheet and revenue is recognized. Resources that are received prior to incurring qualifying expenditures are reported as a liability and recognized as a revenue in subsequent periods when eligibility requirements have been met.

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

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 and sewer utilities are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1) Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value on a recurring basis. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

All deposits of the Village are made in board-designated official depositories. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Interest income on commingled investments of the Village's funds is allocated based on average investment balances. Realized gains and losses of the Village's assets are reported in the statement of revenues, expenditures, and changes in funds balance. Adjustments necessary to record investments at fair value are recorded in the statement of revenues, expenditures, and changes in fund balance as investment income.

See Note 3A for additional information.

1. Summary of Significant Accounting Policies (Continued)

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

2) 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 long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

3) Property Taxes and Special Charges Receivable

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

Property tax calendar – 2025 tax roll

Lien date and levy date	December, 2025
Real estate collection due dates:	
First installment due	January 31, 2026
Second installment due	July 31, 2026
Final settlement with county	August, 2026

4) Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible rescue bills with the Fire Department Fund has been established in the amount of \$68,428 as of December 31, 2025. No allowance for uncollectible accounts has been provided for any other receivables since such an allowance would not be material.

5) Leases as Lessor

The Village's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

1. Summary of Significant Accounting Policies (Continued)

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

6) Interfund Activities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds and due to other funds in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances to other funds and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

See Note 3F for additional information.

7) Inventories

Inventories of the Water and Sewer funds are generally used in the operation and maintenance of the Water and Sewer utilities. The inventories are valued at cost using the first-in, first-out ("FIFO") method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

8) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as a prepaid items in both the government-wide and fund financial statements, when applicable.

9) Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years, except for certain assets of the Water and Sewer funds which may be capitalized as a lower cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Category</u>	<u>Years</u>
Buildings and Improvements	25 - 50
Machinery and Equipment	5 - 25
Infrastructure	25 - 40

1. Summary of Significant Accounting Policies (Continued)

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

9) Capital Assets (Continued)

Fund Financial Statements

Capital assets acquired for governmental purposes are recorded as current year expenditures in the governmental funds. Capital outlay items in the proprietary funds are recorded as capital assets on the appropriate statement of net position.

GAAP does not require depreciation to be recorded on capital assets for governmental fund financial reporting.

10) Compensated Absences

Vacation

All full-time, part-time with benefits, and year-round part-time employees are eligible for paid vacation in accordance with the following schedule:

- Employees with a 40-hour work week will receive 40 hours after 1 year of continuous employment, 80 hours after 2 years of continuous employment, 120 hours after 5 years of continuous employment, and 160 hours after 12 years of continuous employment.
- Fire/EMS employees working 24 or more-hour shifts will receive 48 hours after 1 year of continuous employment, 96 hours after 2 years of continuous employment, 144 hours after 5 years of continuous employment, and 192 hours after 12 years of continuous employment.

Employees must exhaust accrued vacation time within 1 year from the date on which it is earned, or the employee will lose such accrued vacation time as of the employee's anniversary date. If an employee or the Village terminates employment before the employee's anniversary date, vacation time accrued to date of termination will be prorated monthly and paid. All remaining vacation time will be paid out with the employee's last payroll check. If termination was due to misconduct by the employee or an advance notice was not given that the employee was leaving, there will be no prorated accrued vacation time.

Sick Leave

Full-time employees accrue sick benefits at the rate of 8 hours per calendar month. Part-time with benefits employees accrue sick benefits on a prorated basis. All full-time and part-time with benefits may accumulate up to a maximum of 600 hours (75 days) to be used for continuation of pay during unavoidable absences due to non-work-related illness or injury. All accrued, unused leave will be forfeited upon termination or resignation of employment.

1. Summary of Significant Accounting Policies (Continued)

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

10) Compensated Absences (Continued)

Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The Village applies a FIFO flows assumption when estimating its compensated absences liability. Under this assumption, employees are considered to use leave earned in prior years before current-year accumulated leave.

Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available resources are reported as liabilities in the statement of net position. A liability is also recorded for accumulating rights to receive sick pay benefits for the portion more likely than not to be used by employees. Additionally, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will more likely than not be paid by cash and non-cash means upon termination. The Village accrued salary-related payments associated with payments of compensated absences.

11) Long-Term Obligations

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

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

12) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Village has one item that qualify for reporting in this category: WRS pension system.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Village has four items that qualify for reporting in the category: WRS pension system, property taxes, property improvement notes, and leases.

The net position of the Village is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension plan.

1. Summary of Significant Accounting Policies (Continued)

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

13) Pensions

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

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

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

14) Equity Classifications

Government-Wide and Proprietary Fund 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 capital related deferred outflows of resources and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- b. *Restricted Net Position* – Consists of net position with constraints that are imposed by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Governmental Fund Financial Statements

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

- a. *Non-spendable* – Resources which cannot be spent (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- b. *Restricted* – Resources with constraints placed on the use of resources by external parties (such as grantors or bondholders), through constitutional provisions or enabling legislation.

1. Summary of Significant Accounting Policies (Continued)

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

14) Equity Classifications (Continued)

Governmental Fund Financial Statements (Continued)

- c. *Committed* – Resources which are subject to limitation for specific purposes by action of the Village Board, the Village’s highest level of decision-making authority. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- d. *Assigned* – Resources neither restricted nor committed and are constrained for specific purposes by action of Village management. The Village Board has authorized the Clerk-Treasurer to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- e. *Unassigned* – Resources which cannot be properly classified in one of the other four categories and are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Currently, the Village does not have an official policy regarding fund balance classifications or a minimum General Fund unassigned fund balance. Amounts noted as assigned were approved by the Village Board.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use restricted, then committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

15) Utility User Rates

Water utility user rates currently in place were approved by the Wisconsin Public Service Commission on September 29, 2017. Sewer utility rates currently in place were approved by the Village Board on January 18, 2021.

16) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end requiring accrual.

1. Summary of Significant Accounting Policies (Continued)

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

17) Use of Estimates

The financial statements of the Village have been prepared in conformity with GAAP as applied to local government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

18) Change in Accounting Principles

Effective January 1, 2025, the Village adopted GASB Statement No. 102, Certain Risk Disclosures (“GASB 102”). GASB 102 was issued to improve transparency by providing users of financial statements with information about risks that could significantly affect a government’s ability to meet obligations and provide services. The Village did not have any certain risk requiring disclosure in the financial statements.

2. Stewardship and Compliance

A. Utility Covenant Compliances

Equipment Replacement Fund

A municipality receiving a loan from the Clean Water Fund Program (“CWFP”) is required to establish an equipment replacement fund to be used only for expenses incurred for equipment related to the municipality’s wastewater treatments works, urban runoff treatment works, or structural urban BMP. Under the CWFP, “treatment works” has the meaning given in s.283.01(18), Wis. Stats., and includes the collection system. This account was properly funded as of December 31, 2025.

Insurance

The Sewer 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. There were no significant reductions in coverage compared to the prior year.

2. Stewardship and Compliance (Continued)

A. Utility Covenant Compliances (Continued)

Debt Coverage

Under terms of the resolution providing for the issuance of the revenue bonds associated with the CWFPP, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 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 debt coverage requirements of the 2021 revenue bonds are associated with the sewer utility only. The coverage requirements were met in 2025 as noted below:

	2025
Operating revenues	\$ 682,611
Investment income	71,581
Less: Operation and maintenance expenses and taxes	<u>(493,440)</u>
Net Defined Earnings	<u><u>\$ 260,752</u></u>
Minimum Required Earnings per Resolution:	
Highest annual debt service revenue bonds	\$ 190,389
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u><u>\$ 209,428</u></u>

B. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2026 budget year, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2026 budget was 0.566%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

C. Deficit Fund Balance

The following individual non-major fund had a deficit balance as of December 31, 2025:

Fund	Deficit
Recreation Fund	\$ (29,224)

The Recreation Fund deficit fund balance will be eliminated by future revenues.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds

A. Cash and Investments

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

The carrying amount of the Village's cash and investments on December 31, 2025 is summarized below:

		Risks
Deposits with Financial Institutions	\$ 3,101,861	Custodial Credit Risk
Money Market Funds	2,803,641	Custodial Credit Risk, Credit Risk, Interest Rate Risk
US Treasury Securities	1,195,721	Credit Risk, Interest Rate Risk
Mutual Funds	4,000,000	Custodial Credit Risk, Credit Risk, Interest Rate Risk
Local Government Investment Pool	337,287	Credit Risk, Interest Rate Risk
Total Cash and Investments	\$ 11,438,510	

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 4,032,761
Restricted Cash and Investments	6,484,172
Fiduciary Funds:	
Cash and Investments	921,577
Total Cash and Cash Equivalents	\$ 11,438,510

Investments Authorized by Wisconsin Statutes

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

- 1) Deposits in any credit union, bank, savings bank, trust company or savings and loan which is authorized to transact business in this State;
- 2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- 3) Bonds or securities of any county, drainage district, technical college district, village, city, town or school district of this State;
- 4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- 5) Bonds or securities issued under the authority of the municipality;
- 6) The local government pooled-investment fund as established under WI Statute Section 25.50.
- 7) Agreements in which a public depository agrees to repay funds advanced to it by the Village, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

A. Cash and Investments (Continued)

Investments Authorized by Wisconsin Statutes (Continued)

- 8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- 9) Repurchase agreements with public depositories, with certain conditions.
- 10) Bonds issued by a local exposition district, a local baseball park district, a local football stadium district, the University of Wisconsin Hospital and Clinics Authority, a local cultural arts district, and the Wisconsin Aerospace Authority.

The Village has adopted an investment policy which permits all investments allowed under the State statutes as described above.

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following fair value measurements as of December 31, 2025:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Investments			
Money Market Funds	\$ 2,803,641	\$ -	\$ -
US Treasury Securities	1,195,721	-	-
Mutual Funds	4,000,000		
Total	<u>\$ 7,999,362</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk

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

3. Detailed Notes on all Funds (Continued)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$1,000,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk. Additionally, the Securities Investor Protection Corporation ("SIPC") provides a maximum of \$500,000 of coverage for securities in a brokerage account, including up to \$250,000 for cash deposits.

As of December 31, 2025, the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. The excess was collateralized by a letter of credit in the Village's name. The following table summarizes the custodial credit risk.

Deposits with Financial Institutions	\$ 2,507,837
FDIC and State Deposit Guarantee Coverage	(1,593,565)
Collateralized by Pledged Securities	(835,731)
Total Uninsured Cash	\$ 78,541

Additionally, the Village's investment balances subject to custodial credit risk totaled \$6,803,641, with a resulting balance of \$6,303,641 in excess of SIPC coverage.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Rating	Amount
Money Market Funds	Unrated	\$ 2,803,641
US Treasury Securities	Unrated	1,195,721
Mutual Funds	Unrated	4,000,000
Total		\$ 7,999,362

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

3. Detailed Notes on all Funds (Continued)

A. Cash and Investments (Continued)

Credit Risk (Continued)

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 (“SWIB”). 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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool’s investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. 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 Village’s share of the LGIP’s assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers’ Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under SIF guidelines.

Investment allocation in the LGIP as of December 31, 2025, was: 97% in U.S. Government Securities and 3% in Commercial Paper, Certificates of Deposit, and Bankers Acceptances and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village’s investments by maturity:

Investment Maturities					
Investment Type	Fair Value	Less Than 12 Months	12 to 24 Months	24 to 60 Months	More Than 60 Months
Money Market Funds	\$ 2,803,641	\$ 2,803,641	\$ -	\$ -	\$ -
Certificates of Deposit	72,564	72,564	-	-	-
US Treasury Securities	1,195,721	1,195,721	-	-	-
Mutual Funds	4,000,000	4,000,000			
Total	\$ 8,071,926	\$ 8,071,926	\$ -	\$ -	\$ -

As of December 31, 2025, the Village’s investments in the LGIP has a weighted average maturity of 13 days.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

B. Restricted Cash

The Village reports various restricted cash accounts on the statement of net position and the governmental fund financial statements. Restricted cash as of December 31, 2025, is as follows:

Fund	Amount	Purpose
Fire Department Fund		
Restricted Contributions	\$ 34,960	The Village fire department has received contributions which, according to the contributors, are restricted in use.
Tax Incremental District #4 Fund		
Unspent Debt Proceeds	5,264,137	Proceeds of debt were receipted in the current year that had not yet been used for its intended purpose.
Capital Projects Fund		
Unspent Debt Proceeds	412,170	Proceeds of debt were receipted in the current year that had not yet been used for its intended purpose.
Library Fund		
Restricted Contributions	70,241	The Village library has received contributions which, according to the contributors, are restricted in use.
Total Governmental Funds	\$ 5,781,508	
Fund	Amount	Purpose
Sewer		
Debt Service Redemption	\$ 89,140	The 2021 CWFL restricts an amount equal to one-sixth of the next installment of interest coming due and an amount equal to one-twelfth of the installment of principal coming due in the next fiscal year.
Equipment Replacement	613,524	The 2021 CWFL restricts amounts sufficient to meet equipment replacement.
Total Sewer	702,664	
Total Proprietary Funds	\$ 702,664	

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

C. Receivables and Deferred Inflows of Resources

As of December 31, 2025, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 1,652,530	\$ 1,652,530
Notes receivable	26,127	-	26,127
Special assessments	<u>2,833</u>	<u>-</u>	<u>2,833</u>
Total Deferred Inflows of Resources for Governmental Funds	<u>\$ 28,960</u>	<u>\$ 1,652,530</u>	<u>\$ 1,681,490</u>

The Village has issued notes receivable which are due for the following purposes:

Purpose	Date of Issue	Interest Rate	Original Principal	Balance 12/31/2025
Revolving Loan	11/14/2022	0.00%	\$ 28,271	\$ 10,837
Revolving Loan	11/14/2022	0.00%	12,000	5,200
Revolving Loan	7/30/2024	0.00%	13,823	10,090
				<u>\$ 26,127</u>

See Note 4E for additional information.

D. Lease Receivable and Revenue

The Village's water utility has entered into two lease arrangements where the Village leases space on its water tower for telecommunication equipment. In the statement of activities, lease revenue for the year ended December 31, 2025, was as follows:

Lease-related Revenue	<u>Ending 12/31/2025</u>
Lease Revenue	
Water Tower	\$ 62,507
Total Lease Revenue	<u>62,507</u>
Interest Revenue	<u>23,780</u>
Total	<u><u>\$ 86,287</u></u>

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

D. Lease Receivable and Revenue (Continued)

Aggregate cash flows for the revenue generated by the lease receivable at December 31, 2025 are as follows:

Year Ending	Principal	Interest	Total Receipts
2026	\$ 42,310	\$ 23,132	\$ 65,442
2027	45,136	22,270	67,406
2028	48,078	21,350	69,428
2029	51,141	20,370	71,511
2030	54,327	19,329	73,656
2031-2035	189,646	82,919	272,565
2036-2040	179,290	66,814	246,104
2041-2045	238,894	46,408	285,302
2046-2050	311,254	19,489	330,743
	<u>\$ 1,160,076</u>	<u>\$ 322,081</u>	<u>\$ 1,482,157</u>

E. Capital Assets

Certain prior-year beginning balances (marked with an asterisk) have been restated to correct an error identified during the current year. See Note 4H for additional information regarding the nature of the financial statement impact of the correction.

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

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 1,054,759	\$ -	\$ -	\$ 1,054,759
Construction in progress	-	263,632	-	263,632
Total Non-Depreciable Capital Assets	<u>1,054,759</u>	<u>263,632</u>	<u>-</u>	<u>1,318,391</u>
Capital Assets Being Depreciated:				
Buildings and improvements*	1,448,240	29,330	-	1,477,570
Machinery and equipment	1,902,796	104,323	(34,210)	1,972,909
Infrastructure	5,160,245	17,136	-	5,177,381
Total Capital Assets Being Depreciated	<u>8,511,281</u>	<u>150,789</u>	<u>(34,210)</u>	<u>8,627,860</u>
Less Accumulated Depreciation*	<u>(3,357,556)</u>	<u>(331,658)</u>	<u>34,210</u>	<u>(3,655,004)</u>
Total Accumulated Depreciation	<u>(3,357,556)</u>	<u>(331,658)</u>	<u>34,210</u>	<u>(3,655,004)</u>
Total Capital Assets being Depreciated, Net	<u>5,153,725</u>	<u>(180,869)</u>	<u>-</u>	<u>4,972,856</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,208,484</u>	<u>\$ 82,763</u>	<u>\$ -</u>	<u>\$ 6,291,247</u>

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

E. Capital Assets (Continued)

Depreciation expense for the governmental activities was charges to functions as follows:

Public Safety	\$ 109,152
Public Works	198,403
Culture, Recreation, and Education	<u>24,103</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 331,658</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2025 was as follows:

	Balance 1/1/2025	Additions	Retirements	Adjustments	Balance 12/31/2025
Business-Type Activities					
Water Utility					
Non-depreciable Capital Assets:					
Land	\$ 900	\$ -	\$ -	\$ -	\$ 900
Construction Work In Progress	42,973	399,576	-	-	442,549
Total Non-depreciable Capital Assets	<u>43,873</u>	<u>399,576</u>	<u>-</u>	<u>-</u>	<u>443,449</u>
Capital Assets Being Depreciated:					
Infrastructure*	3,779,628	17,590	(2,180)	-	3,795,038
Vehicles	245,829	-	-	-	245,829
Equipment	40,899	-	-	(6,645)	34,254
Total Capital Assets Being Depreciated	<u>4,066,356</u>	<u>17,590</u>	<u>(2,180)</u>	<u>(6,645)</u>	<u>4,075,121</u>
Less Accumulated Depreciation*	<u>(1,916,445)</u>	<u>(122,180)</u>	<u>2,180</u>	<u>385</u>	<u>(2,036,060)</u>
Total Capital Assets being Depreciated, Net	<u>2,149,911</u>	<u>(104,590)</u>	<u>-</u>	<u>(6,260)</u>	<u>2,039,061</u>
Water Capital Assets, Net	<u><u>\$ 2,193,784</u></u>	<u><u>\$ 294,986</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,260)</u></u>	<u><u>\$ 2,482,510</u></u>
 Sewer Utility					
Non-depreciable Capital Assets:					
Land	\$ 92,732	\$ -	\$ -	\$ -	\$ 92,732
Capital Assets Being Depreciated:					
Infrastructure	10,454,104	121,054	-	-	10,575,158
Vehicles	235,755	-	-	-	235,755
Equipment	287,809	-	-	6,645	294,454
Total Capital Assets Being Depreciated	<u>10,977,668</u>	<u>121,054</u>	<u>-</u>	<u>6,645</u>	<u>11,105,367</u>
Less Accumulated Depreciation	<u>(4,835,281)</u>	<u>(293,823)</u>	<u>-</u>	<u>(385)</u>	<u>(5,129,489)</u>
Total Capital Assets being Depreciated, Net	<u>6,142,387</u>	<u>(172,769)</u>	<u>-</u>	<u>6,260</u>	<u>5,975,878</u>
Sewer Capital Assets, Net	<u><u>\$ 6,235,119</u></u>	<u><u>\$ (172,769)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,260</u></u>	<u><u>\$ 6,068,610</u></u>
 Business-Type Activity Capital Assets, Net	<u><u>\$ 8,428,903</u></u>	<u><u>\$ 122,217</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,551,120</u></u>

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

E. Capital Assets (Continued)

Depreciation expense for the business-type activities was charges to functions as follows:

Business-type activities	
Change in water utility accumulated depreciation	\$ 122,180
Less: Depreciation charged to sewer utility	(7,381)
Water utility depreciation expense	<u>114,799</u>
 Change in sewer utility accumulated depreciation	 293,823
Add: Depreciation charged from water utility	<u>7,381</u>
Sewer utility depreciation expense	<u>301,204</u>
 Total	 <u><u>\$ 416,003</u></u>

F. Interfund Receivables/Payables, Advances, and Transfers

The following is a schedule of interfund receivables and payables as of December 31, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Recreation Fund	\$ 25,243	Negative cash
		<u>\$ 25,243</u>	

The following is a schedule of interfund advances as of December 31, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Amount</u>	<u>Amount Due Within One Year</u>
General Fund	Fire Department Fund	0.00%	\$ 430,000	\$ 430,000	\$ -
				<u>\$ 430,000</u>	<u>\$ -</u>

No repayment schedule has been approved by the Village.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

F. Interfund Receivables/Payables, Advances, and Transfers (Continued)

The following is a schedule of interfund transfers made in 2025:

Transferred To	Transferred From	Amount	Purpose
Government Funds:			
Tax Incremental District #3 Fund	Fire Department Fund	\$ 11,054	Reimburse TID #3 for Act 102 cash transfer
Proprietary Funds:			
Sewer Fund	Tax Incremental District #3 Fund	\$ 105,000	Debt service
General Fund	Water Fund	51,012	Tax equivalent
Net Transfers - Government-Wide Financial Statements		\$ 53,988	

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

G. Long-Term Obligations

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2025.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes	\$ 1,490,000	\$ 5,880,000	\$ (265,000)	\$ 7,105,000	\$ 345,000
Direct Borrowings or Direct Placements	725,999	175,000	(160,991)	740,008	118,436
Bond Premium	-	267,343	-	267,343	-
Total Bonds and Notes Payable	<u>2,215,999</u>	<u>6,322,343</u>	<u>(425,991)</u>	<u>8,112,351</u>	<u>463,436</u>
Other Liabilities					
Compensated Absences*	<u>36,397</u>	<u>26,605</u>	<u>-</u>	<u>63,002</u>	<u>35,504</u>
Total Other Liabilities	<u>36,397</u>	<u>26,605</u>	<u>-</u>	<u>63,002</u>	<u>35,504</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,252,396</u>	<u>\$ 6,348,948</u>	<u>\$ (425,991)</u>	<u>\$ 8,175,353</u>	<u>\$ 498,940</u>
 BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes	\$ 55,000	\$ -	\$ (35,000)	\$ 20,000	\$ 10,000
Direct Borrowings or Direct Placements	<u>2,709,828</u>	<u>-</u>	<u>(151,289)</u>	<u>2,558,539</u>	<u>153,535</u>
Total Bonds and Notes Payable	<u>2,764,828</u>	<u>-</u>	<u>(186,289)</u>	<u>2,578,539</u>	<u>163,535</u>
Other Liabilities					
Compensated Absences*	<u>14,678</u>	<u>4,552</u>	<u>-</u>	<u>19,230</u>	<u>9,977</u>
Total Other Liabilities	<u>14,678</u>	<u>4,552</u>	<u>-</u>	<u>19,230</u>	<u>9,977</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,779,506</u>	<u>\$ 4,552</u>	<u>\$ (186,289)</u>	<u>\$ 2,597,769</u>	<u>\$ 173,512</u>

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

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

G. Long-Term Obligations (Continued)

Long-term debt issues outstanding at December 31, 2025, and total debt outstanding were as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Principal	Balance 12/31/2025	Amount Due Within One Year
Governmental Activities						
2025 Promissory Note	1/3/2025	12/3/2029	5.50%	\$ 175,000	\$ 143,008	\$ 32,936
2021 General Obligation Notes	12/8/2021	4/1/2029	1.00-1.40%	\$ 2,370,000	1,010,000	270,000
2021 General Obligation Notes	12/8/2021	4/1/2029	1.00-1.40%	\$ 2,370,000	215,000	55,000
2022 General Obligation Notes	1/26/2022	1/23/2032	3.00%	\$ 700,000	597,000	85,500
2025 General Obligation Notes	12/11/2025	4/1/2044	4.00-5.00%	\$ 5,880,000	5,880,000	20,000
Total Governmental Activities					<u>\$ 7,845,008</u>	<u>\$ 463,436</u>
Business-Type Activities						
Clean Water Fund Loan (Sewer)	3/4/2021	5/1/2040	1.49%	\$ 3,140,791	\$ 2,558,539	\$ 153,535
2021 General Obligation Note (Sewer)	12/8/2021	4/1/2027	1.00-1.40%	\$ 2,370,000	20,000	10,000
Total Business-Type Activities					<u>\$ 2,578,539</u>	<u>\$ 163,535</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities					
	Notes from Direct Borrowings		General Obligation Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 118,436	\$ 24,734	\$ 345,000	\$ 215,117	\$ 463,436	\$ 239,851
2027	120,248	20,322	310,000	259,765	430,248	280,087
2028	122,148	15,850	335,000	255,173	457,148	271,023
2029	124,176	11,194	400,000	247,570	524,176	258,764
2030	85,500	6,467	325,000	234,575	410,500	241,042
2031-2035	169,500	5,155	1,820,000	913,574	1,989,500	918,729
2036-2040	-	-	1,825,000	537,500	1,825,000	537,500
2041-2044	-	-	1,745,000	142,900	1,745,000	142,900
Totals	<u>\$ 740,008</u>	<u>\$ 83,722</u>	<u>\$7,105,000</u>	<u>\$ 2,806,174</u>	<u>\$7,845,008</u>	<u>\$ 2,889,896</u>

3. Detailed Notes on all Funds (Continued)

G. Long-Term Obligations (Continued)

Debt service requirements to maturity are as follows (continued):

Years	Business-Type Activities					
	Notes and Bonds from Direct Borrowings		General Obligation Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 153,535	\$ 36,854	\$ 10,000	\$ 175	\$ 163,535	\$ 37,029
2027	155,815	34,557	10,000	60	165,815	34,617
2028	158,129	32,226	-	-	158,129	32,226
2029	160,477	29,861	-	-	160,477	29,861
2030	162,860	27,460	-	-	162,860	27,460
2031-2035	851,304	100,022	-	-	851,304	100,022
2036-2040	916,419	34,424	-	-	916,419	34,424
Totals	\$2,558,539	\$ 295,404	\$ 20,000	\$ 235	\$2,578,539	\$ 295,639

Margin of Indebtedness

In accordance with Wisconsin State statutes, total general obligation indebtedness of the Village's may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The Village's debt limit as of December 31, 2025 is \$10,293,750. Total general obligation debt outstanding subject to the limit is \$7,865,008.

H. Wisconsin Retirement System

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds ("ETF"). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year 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.

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

General Information about the Pension Plan (Continued)

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 plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

General Information about the Pension Plan (Continued)

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, and 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 \$89,695 in contributions from the employer.

Contribution rates as of December 31, 2025 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2025, the Village reported a liability (asset) of \$98,287 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.00598157%, which was an increase of 0.00018738% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Village recognized pension expense of \$110,894.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 305,235	\$ (286,825)
Net differences between projected and actual earnings on pension plan investments	149,352	-
Changes in assumptions	29,163	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,086	(16,249)
Employer contributions subsequent to the measurement date	113,741	-
Total	\$ 600,577	\$ (303,074)

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

\$113,741 reported as deferred outflows 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:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2026	\$ 45,915
2027	204,435
2028	(50,683)
2029	(15,905)
Total	<u>\$ 183,762</u>

Actuarial Assumptions. The total pension liability in the December 31, 2024, 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
	January 1, 2021 - December 31, 2023
Experience Study:	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
Post-Retirement Adjustments*	1.7%

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

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

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹
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 % ²
Public Equity	38	7.0	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage ³	(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

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

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%

³The 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%.

3. Detailed Notes on all Funds (Continued)

H. Wisconsin Retirement System (Continued)

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's proportionate share of the net pension liability (asset)	\$ 922,061	\$ 98,287	\$ (486,980)

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>.

Allocation of Pension Plan Disclosures. Pension amounts are allocated between governmental and proprietary funds based on the percentage of required contributions or retirement expenses accounted for in each fund.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

I. Fund Balances

The following is a detailed schedule of governmental ending fund balances by category as of December 31, 2025:

Nonspendable

General Fund	
Advance to other funds	\$ 430,000
Total Nonspendable Fund Balance	<u><u>\$ 430,000</u></u>

Restricted

Debt Service Fund	
Debt service payments	\$ 121,687
Tax Incremental District #3 Fund	
Future capital expenditures	579,740
Fire Department Fund	
2% fire dues	3,842
Act 102 funding	34,960
Capital Projects Fund	
Future capital expenditures	521,651
Library Fund	
Restricted contributions	68,196
Façade Renovation Fund	
Revolving loan	17,357
Tax Incremental District #4 Fund	
Future capital expenditures	5,160,577
Total Restricted Fund Balance	<u><u>\$ 6,508,010</u></u>

Assigned

General Fund	
HRA funds	\$ 37,108
Library Fund	
Library expenditures	150,760
Stormwater Fund	
Operations	328,047
Total Assigned Fund Balance	<u><u>\$ 515,915</u></u>

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

3. Detailed Notes on all Funds (Continued)

I. Fund Balances (Continued)

Unassigned (Deficit)	
General Fund	\$ (255,881)
Fire Department Fund	(641,430)
Recreation Fund	(29,224)
Total Unassigned Fund Balance (Deficit)	<u>\$ (926,535)</u>
Total Fund Balance	<u><u>\$ 6,527,390</u></u>

4. Other Information

A. Tax Incremental Financing Districts

The Village has established Tax Incremental District (“TID”) No. 3 and TID No. 4 which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIDs were created, the property tax base within the TIDs were frozen and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the Village to finance such improvements.

TID No. 3 has received aggregate tax increments and other revenues in an amount greater than the aggregate projects costs as of December 31, 2023. The Village has determined that additional project costs greater than the excess amount will still be incurred in 2024 and after as listed in the 2018 project plan amendment. The mandatory termination date is January 1, 2026.

TID No. 4 was created on September 25, 2023.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

4. Other Information (Continued)

A. Tax Incremental Financing Districts (Continued)

The following is a summary of information on the Village's TIDs:

TID No. 3	Year Ended	From Date of Creation
Project Costs		
Capital and administrative expenditures	\$ 500	\$ 1,463,757
Interest on long-term debt	-	183,579
Debt issuance costs	-	11,865
Total project costs	<u>500</u>	<u>1,659,201</u>
Project Revenues		
Tax increments	113,983	3,177,849
State of Wisconsin exempt computer aids	48,805	206,785
State of Wisconsin personal property aids	-	1,085
CDBG grant	-	142,000
Interest income	21,742	126,792
Total project revenues	<u>184,530</u>	<u>3,654,511</u>
Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2025	<u>\$ (184,030)</u>	<u>\$ (1,995,310)</u>
 TID No. 4	 Year Ended	 From Date of Creation
Project Costs		
Capital and administrative expenditures	\$ 293,352	\$ 352,453
Debt issuance costs	179,738	179,738
Total project costs	<u>473,090</u>	<u>532,191</u>
Project Revenues		
Tax increments	26,737	26,737
Interest Income	4,271	4,271
Total project revenue	<u>31,008</u>	<u>31,008</u>
Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2025	<u>\$ 442,082</u>	<u>\$ 501,183</u>

4. Other Information (Continued)

B. Commitments

Contract and Purchase Commitments

The Village has signed a contract for the period January 1, 2022 through December 31, 2027 with John's Disposal Service to provide weekly garbage removal, recycling services, bulk pick-up, electronics disposal, and yard waste removal to residents of the Village. The Village agrees to pay the contractor the following fees in conjunction with the services rendered as follows for the period January 1, 2025 through December 31, 2025:

	Home/Month
Weekly garbage	\$ 10
EOW recycling	5
Bulk	<i>Included</i>
Electronics	<i>Included</i>
Yard waste	<i>Included</i>
Total unit price	<u>\$ 15</u>

Rates listed are for the 4th year of a 6-year agreement. Each year the Village and John's Disposal will negotiate the rate for the upcoming year. The rate increase for the upcoming year will be limited to CPI. The Village may terminate the agreement at the end of the current year if the contractor requests an increase greater than CPI.

Additionally, in 2024, the Village approved a contract in the amount of \$6,055,000 for treatment of PFAS in the water system, and the cost from engineering not to exceed \$405,000. In 2025, the Village approved the construction of a PFAS treatment building for \$341,269 and additional engineering costs not to exceed \$392,000. As of December 31, 2025, the Village incurred costs totaling \$429,808 related to the PFAS treatment project, which are reported as construction work in progress on the accompanying financial statements.

Lastly, in 2024, the Village approved the purchase of a new ambulance in the amount of \$354,278. Delivery of the vehicle will not take place until 2026.

C. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village manages these risks through the purchase of various forms of commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

D. Blue Spring Lake Sanitary District Agreement

The Village originally entered into an agreement in June of 1989 with the Blue Spring Lake Sanitary District to treat the wastewater originating in the sanitary district. In 1990, the Village began accepting wastewater from the district. In 2013, the agreement was extended for a period of five years, unless the contract is terminated by mutual agreement. In 2024, the Village and District agreed upon a new agreement with the District for a term of 20 years. The total user charges in 2025 were \$104,673 and were recorded as revenue in the sewer utility.

VILLAGE OF PALMYRA
Notes to the Basic Financial Statements
December 31, 2025

DRAFT

4. Other Information (Continued)

E. Façade Renovation Loan Program

During 1992, the Village was awarded a \$76,000 grant from the Department of Agriculture. The grant is to be used to make loans to local businesses to renovate their store fronts. A total of \$26,127 was receivable at December 31, 2025. In addition, the Façade Renovation Fund has a total of \$17,357 in cash for future loans. As loans are collected the funds are used for new loans or projects.

F. Economic Dependency

In 2025, one of the Village's Water utility customers provided approximately 10% of total operating revenues. That same customer provided approximately 22% of total operating revenues in the Sewer utility.

G. Change in Reporting Entity

Effective January 1, 2025, changes within the financial reporting entity resulted in restatements of beginning fund balance as follows:

	Capital Projects	Tax Incremental District #4	Non-Major Governmental Funds
1/1/2025, as previously reported	\$ 86,925	\$ -	\$ 943,351
Change within financial reporting entity (non-major to major fund)	-	(59,101)	59,101
Change within financial reporting entity (major fund to non-major)	(86,925)	-	86,925
1/1/2025, as restated	<u>\$ -</u>	<u>\$ (59,101)</u>	<u>\$ 1,089,377</u>

H. Error Correction

Effective January 1, 2025, the Village identified an error in the previously issued financial statements for the year ended December 31, 2024. A public works building was to be split between the water, stormwater, and general fund during construction, but all costs were recorded and capitalized in the water fund. This error has been corrected by restating the January 1, 2025 net position and fund balances as follows:

	Capital Projects Fund	Stormwater Fund	Water Utility	Governmental Activities
Net position or fund balance - beginning of year, as previously reported	\$ 86,925	\$ 353,797	\$ 3,713,954	\$ 5,005,696
Error correction (Capital outlay/asset reporting)	(81,502)	(81,501)	19,665	(19,665)
Net position or fund balance - beginning of year, as restated	<u>\$ 5,423</u>	<u>\$ 272,296</u>	<u>\$ 3,733,619</u>	<u>\$ 4,986,031</u>

4. Other Information (Continued)

H. Error Correction (Continued)

Additionally, cash flows were restated as follows:

	<u>Water Utility</u>
Cash and investments - beginning of year, as previously reported	\$ 1,334,067
Error correction (Capital outlay/asset reporting)	<u>163,003</u>
Cash and investments - beginning of year, as restated	<u><u>\$ 1,497,070</u></u>

I. Effect of New Accounting Standards on Current Period Financial Statements

The GASB has adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025, GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025, and GASB Statement No. 105, *Subsequent Events*, effective for periods beginning after June 15, 2026. When these become effective, application of these standards may restate portions of these financial statements.

J. Subsequent Events

In 2026, the Village approved a contract agreement for the construction of a PFAS treatment facility and another contract agreement for the installation of infrastructure as part of a developer's agreement entered into during 2025. Contract commitments for each project are \$4,979,000 and \$5,091,833, respectively.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 428,449	\$ 428,449	\$ 428,449	\$ -
Other Taxes	9,010	9,010	9,965	955
Intergovernmental	478,210	478,210	486,503	8,293
License and Permits	26,690	26,690	37,685	10,995
Fines, Forfeits and Penalties	20,000	20,000	8,561	(11,439)
Public Charges for Services	32,724	32,724	31,319	(1,405)
Interest Income	15,000	15,000	9,646	(5,354)
Miscellaneous Income	15,750	15,750	21,114	5,364
Total Revenues	<u>1,025,833</u>	<u>1,025,833</u>	<u>1,033,242</u>	<u>7,409</u>
EXPENDITURES				
Current:				
General Government	287,899	287,899	195,336	92,563
Public Safety	539,934	539,934	537,473	2,461
Public Works	360,416	360,416	303,553	56,863
Health and Human Services	2,997	2,997	5,072	(2,075)
Culture, Recreation and Education	67,177	67,177	62,825	4,352
Conservation and Development	5,690	5,690	14,080	(8,390)
Total Expenditures	<u>1,264,113</u>	<u>1,264,113</u>	<u>1,118,339</u>	<u>145,774</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(238,280)</u>	<u>(238,280)</u>	<u>(85,097)</u>	<u>153,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	49,358	49,358	51,012	1,654
Total Other Financing Sources (Uses)	<u>49,358</u>	<u>49,358</u>	<u>51,012</u>	<u>1,654</u>
Net Change in Fund Balance	(188,922)	(188,922)	(34,085)	154,837
Fund Balance - Beginning of year	245,312	245,312	245,312	-
Fund Balance - End of year	<u>\$ 56,390</u>	<u>\$ 56,390</u>	<u>\$ 211,227</u>	<u>\$ 154,837</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (with Variances)
Fire Department Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 252,613	\$ 252,613	\$ 252,613	\$ -
Intergovernmental	64,200	64,200	60,560	(3,640)
Public Charges for Services	140,250	140,250	101,289	(38,961)
Intergovernmental Charges for Services	250,178	250,178	250,178	-
Interest Income	-	-	37	37
Miscellaneous Income	-	-	6,434	6,434
Total Revenues	<u>707,241</u>	<u>707,241</u>	<u>671,111</u>	<u>(36,130)</u>
EXPENDITURES				
Current:				
Public Safety	817,740	905,545	867,853	37,692
Total Expenditures	<u>817,740</u>	<u>905,545</u>	<u>867,853</u>	<u>37,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(110,499)</u>	<u>(198,304)</u>	<u>(196,742)</u>	<u>1,562</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	10,000	10,000	8,207	(1,793)
Transfers Out	-	-	(11,054)	(11,054)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>(2,847)</u>	<u>(12,847)</u>
Net Change in Fund Balance	(100,499)	(188,304)	(199,589)	(11,285)
Fund Balance (Deficit) - Beginning of year	<u>(403,039)</u>	<u>(403,039)</u>	<u>(403,039)</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ (503,538)</u>	<u>\$ (591,343)</u>	<u>\$ (602,628)</u>	<u>\$ (11,285)</u>

VILLAGE OF PALMYRA
WISCONSIN RETIREMENT SYSTEM SCHEDULES
December 31, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.00598157%	\$ 98,287	\$ 810,761	12.12%	98.79%
2023	0.00579419%	86,147	757,193	11.38%	98.85%
2022	0.00563509%	298,530	667,158	44.75%	95.72%
2021	(0.00582406%)	(469,429)	650,232	(72.19%)	106.02%
2020	0.00000000%	-	-	0.00%	0.00%

SCHEDULE OF VILLAGE'S CONTRIBUTIONS
FOR THE YEAR ENDED

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 113,741	\$ (113,741)	\$ -	\$ 927,450	12.26%
2024	89,695	(89,695)	-	810,761	11.06%
2023	82,007	(82,007)	-	757,193	10.83%
2022	65,507	(65,507)	-	667,158	9.82%
2021	64,848	(64,848)	-	650,232	9.97%

See accompanying notes to required supplementary information.

VILLAGE OF PALMYRA
Notes to Required Supplementary Information
For the Year Ended December 31, 2025

1. Notes to Budgetary Comparison Schedule

A. General Policy

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

The Village adopted annual Governmental Fund Budgets for the General Fund and the Fire Department Fund. These budgets are adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual function level for each fund.

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

B. Excess of Actual Expenditures over Appropriations

The following expenditure functions had an excess of actual expenditures over budget in the General Fund for the year ended December 31, 2025:

<u>Departments</u>	<u>Excess over Budget</u>
Health and Human Services	\$ 2,075
Conservation and Development	8,390

Revenues and fund balance were sufficient to cover any expenditure functions that reported amounts in excess of budget.

2. Notes to Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

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

Changes of Assumptions:

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

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

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

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

VILLAGE OF PALMYRA
Notes to Required Supplementary Information
For the Year Ended December 31, 2025

2. Notes to Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2024	2023	2022	2021	2020
Valuation Date:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.4%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.0%
Seniority/Merit:	0.1%-5.7%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:					
Retirement Age:	1.7%	1.7%	1.9%	1.9%	1.9%
	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.
Mortality:					
	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).

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

VILLAGE OF PALMYRA
Notes to Required Supplementary Information
For the Year Ended December 31, 2025

3. Notes to Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2019	2018	2017	2016	2015
Valuation Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

DRAFT

OTHER SUPPLEMENTARY INFORMATION

Village of Palmyra
Palmyra, Wisconsin

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2025

	Tax Incremental District #3	Capital Projects	Library	Recreation	Facade Renovation	Stormwater	Total Non-Major Governmental Funds
ASSETS							
Cash and Investments	\$ 610,447	\$ 109,471	\$ 214,863	\$ -	\$ 17,357	\$ 289,087	\$ 1,241,225
Receivables:							
Taxes	29,640	-	57,941	3,161	-	-	90,742
Customer Accounts	-	-	-	-	-	40,570	40,570
Other	-	10	-	-	26,127	-	26,137
Restricted Cash	-	412,170	70,241	-	-	-	482,411
Total Assets	\$ 640,087	\$ 521,651	\$ 343,045	\$ 3,161	\$ 43,484	\$ 329,657	\$ 1,881,085
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 3,380	\$ 479	\$ -	\$ 1,112	\$ 4,971
Accrued Liabilities	-	-	2,741	228	-	498	3,467
Due to Other Funds	-	-	-	25,243	-	-	25,243
Total Liabilities	-	-	6,121	25,950	-	1,610	33,681
DEFERRED INFLOWS OF RESOURCES	60,347	-	117,968	6,435	26,127	-	210,877
FUND BALANCES (DEFICIT)							
Restricted	579,740	521,651	68,196	-	17,357	-	1,186,944
Assigned	-	-	150,760	-	-	328,047	478,807
Unassigned (Deficit)	-	-	-	(29,224)	-	-	(29,224)
Total Fund Balances (Deficit)	579,740	521,651	218,956	(29,224)	17,357	328,047	1,636,527
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 640,087	\$ 521,651	\$ 343,045	\$ 3,161	\$ 43,484	\$ 329,657	\$ 1,881,085

Village of Palmyra
Palmyra, Wisconsin

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

		Formerly Major Fund		Formerly Non-Major Fund		Formerly Non-Major Fund		Formerly Non-Major Fund		Formerly Non-Major Fund	
	Tax Incremental District #3	Capital Projects	Library	Recreation	Facade Renovation	Stormwater	Tax Incremental District #4	Total Non-Major Governmental Funds			
REVENUES											
Property Taxes	\$ 113,983	\$ -	\$ 112,350	\$ 6,435	\$ -	\$ -	\$ -	\$ 232,768			
Intergovernmental	48,805	-	116,186	-	-	-	-	164,991			
Public Charges for Services	-	-	2,628	18,414	-	163,514	-	184,556			
Intergovernmental Charges for Services	-	-	3,000	5,000	-	-	-	8,000			
Interest Income	21,742	713	1,167	-	1	15,240	-	38,863			
Repayment of Notes Receivable	-	-	-	-	11,254	-	-	11,254			
Miscellaneous	-	-	3,696	-	-	-	-	3,696			
Total Revenues	184,530	713	239,027	29,849	11,255	178,754	-	644,128			
EXPENDITURES											
Current:											
General Government	500	400	-	-	-	-	-	900			
Public Works	-	-	-	-	-	70,073	-	70,073			
Culture, Recreation and Education	-	-	195,435	36,606	-	-	-	232,041			
Capital Outlay	-	129,777	-	-	-	-	-	129,777			
Debt Service:											
Principal Repayment	-	-	-	-	-	50,000	-	50,000			
Interest Expense and Fiscal Charges	-	14,891	-	-	-	2,930	-	17,821			
Total Expenditures	500	145,068	195,435	36,606	-	123,003	-	500,612			
Excess (Deficiency) of Revenues Over Expenditures	184,030	(144,355)	43,592	(6,757)	11,255	55,751	-	143,516			
OTHER FINANCING SOURCES (USES)											
Proceeds from Long-Term Debt	-	620,000	-	-	-	-	-	620,000			
Proceeds from Premium on Long-Term Debt	-	40,583	-	-	-	-	-	40,583			
Transfers Out	(93,946)	-	-	-	-	-	-	(93,946)			
Total Other Financing Sources (Uses)	(93,946)	660,583	-	-	-	-	-	566,637			
Net Change in Fund Balances (Deficit)	90,084	516,228	43,592	(6,757)	11,255	55,751	-	710,153			
Fund Balances (Deficit) - Beginning of year, as previously reported	489,656	-	175,364	(22,467)	6,102	353,797	(59,101)	943,351			
Change within financial reporting entity	-	86,925	-	-	-	-	59,101	146,026			
Error correction	-	(81,502)	-	-	-	(81,501)	-	(163,003)			
Fund Balances (Deficit) - Beginning of year, as restated	489,656	5,423	175,364	(22,467)	6,102	272,296	-	926,374			
Fund Balances (Deficit) - End of year	579,740	521,651	218,956	(29,224)	17,357	328,047	-	1,636,527			

Village of Palmyra
Palmyra, Wisconsin

DRAFT

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Property Taxes	\$ 428,449	\$ 428,449	\$ 428,449	\$ -
Total Taxes	428,449	428,449	428,449	-
OTHER TAXES				
Mobile Home Fees	9,000	9,000	9,965	965
Interest on Taxes	10	10	-	(10)
Total Other Taxes	9,010	9,010	9,965	955
INTERGOVERNMENTAL				
State Shared Revenues	249,598	249,598	249,598	-
State Supplemental Aid	60,258	60,258	60,259	1
Personal Property Aid Payment	43,518	43,518	43,518	-
Computer Aid	19,924	19,924	19,925	1
State Aid - P.D. Training/Grants	1,600	1,600	1,280	(320)
State Aid - Road Allotment	92,577	92,577	92,577	-
Video Service Provider Aid	4,235	4,235	4,235	-
State Recycling Grants	6,000	6,000	6,017	17
State Local Road Improvement Grant	-	-	7,344	7,344
Grants - P.D.	500	500	1,750	1,250
Total Intergovernmental	478,210	478,210	486,503	8,293
LICENSES AND PERMITS				
Liquor and Malt Beverage Licenses	2,500	2,500	2,224	(276)
Business Licenses	150	150	75	(75)
Direct Sellers License	50	50	350	300
Cigarette License	200	200	250	50
Operator's License	700	700	843	143
Mobile Home Park License	200	200	200	-
Dog License	1,700	1,700	3,124	1,424
Cat License	40	40	85	45
Building Permits and Inspection Fees	15,000	15,000	19,171	4,171
Sign Permits	25	25	35	10
Zoning Permit Fees and Variance	5,000	5,000	10,738	5,738
Miscellaneous Licenses and Permits	1,125	1,125	590	(535)
Total License and Permits	26,690	26,690	37,685	10,995
FINES, FORFEITS AND PENALTIES				
Court Penalties and Costs	20,000	20,000	8,561	(11,439)

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Clerk's Fees - Copies, Special Assessments	2,000	2,000	8,910	6,910
Dog Pick up Fee	600	600	290	(310)
Grass and Snow Removal	-	-	-	-
Police Dept. Fees	500	500	397	(103)
Street/Sidewalks Assessments	8,424	8,424	4,028	(4,396)
Park Dedication Fees	200	200	600	400
Playground Equipment Fund	-	-	-	-
Swimming/Beach Revenue	2,000	2,000	68	(1,932)
Cable T.V.	16,500	16,500	14,836	(1,664)
Total Public Charges for Services	32,724	32,724	31,319	(1,405)
INTEREST INCOME				
Interest on Temporary Investments	15,000	15,000	9,646	(5,354)
Interest on Special Assessments	-	-	-	-
Total Interest	15,000	15,000	9,646	(5,354)
MISCELLANEOUS REVENUE				
P.D. Sale of Equipment/Auto	10,000	10,000	-	(10,000)
P.W. Sale of Equipment/Auto	3,000	3,000	1,955	(1,045)
Rent of Village Property	-	-	5,000	5,000
Miscellaneous	2,750	2,750	13,579	10,829
Donations	-	-	580	580
Total Miscellaneous	15,750	15,750	21,114	5,364
OTHER FINANCING SOURCES				
Tax Equivalent - Water Utility	49,358	49,358	51,012	1,654
Total Other Financing Sources	49,358	49,358	51,012	1,654
 Total Revenues and Other Financing Sources	 1,075,191	 1,075,191	 1,084,254	 9,063

Village of Palmyra
Palmyra, Wisconsin

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Village Board - Wages	12,400	12,400	11,900	500
Village Board - Fringes	911	911	910	1
Village Board - Expenses	2,800	2,800	6,993	(4,193)
Board of Review and Appeals	150	150	221	(71)
Municipal Court - Wages	13,820	13,820	6,863	6,957
Municipal Court - Fringes	1,301	1,301	560	741
Municipal Court - Expenses	6,239	6,239	5,160	1,079
Legal Counsel	15,000	15,000	32,839	(17,839)
Legal Counsel - Court	2,000	2,000	10,552	(8,552)
Clerk - Wages	30,664	30,664	28,605	2,059
Clerk - Fringes/FICA	10,378	10,378	7,064	3,314
Clerk - Miscellaneous	1,650	1,650	3,369	(1,719)
Clerk - Office Supplies	720	720	532	188
Clerk - Postage	1,385	1,385	1,229	156
Clerk - Mileage	50	50	206	(156)
Clerk - Computer Maintenance	1,100	1,100	1,426	(326)
Clerk - Dues/Subscriptions/Software	1,575	1,575	1,525	50
Clerk - Phone/Internet	440	440	421	19
Clerk - Capital	-	-	359	(359)
Elections - Wages	2,000	2,000	1,977	23
Elections - Expenses	2,000	2,000	1,975	25
Copy Machines	500	500	631	(131)
Printing and Publishing	4,000	4,000	5,076	(1,076)
Special Accounting	9,000	9,000	12,884	(3,884)
Assessment of Property	10,900	10,900	9,356	1,544
Municipal Buildings - Wages	1,500	1,500	1,226	274
Municipal Buildings - Fringes	115	115	86	29
Municipal Buildings - Utilities	2,000	2,000	1,737	263
Municipal Buildings - Expenses	1,300	1,300	1,518	(218)
Property, Liability, Workers Comp Insurance	33,000	33,000	36,252	(3,252)
Miscellaneous and Contingency	119,001	119,001	1,884	117,117
Total General Government	287,899	287,899	195,336	92,563

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Police Department - Wages	256,315	256,315	252,227	4,088
Police Department - Fringes	89,954	89,954	66,605	23,349
Miscellaneous Supplies and Other	3,000	3,000	4,630	(1,630)
Police Department - Education/Training/Mileage	5,000	5,000	4,990	10
Police Department - Uniforms	4,000	4,000	5,297	(1,297)
Police Department - Office Supplies/CITA Books	800	800	986	(186)
Police Department - Office/Computer Supplies	500	500	291	209
Police Department - Building Maintenance	2,000	2,000	3,958	(1,958)
Police Department - Fuel	6,000	6,000	4,871	1,129
Police Department - Telephone/Internet/Radio	3,000	3,000	2,860	140
Police Department - DOT Fees	1,200	1,200	975	225
Police Department - Evidence Supplies	500	500	370	130
Police Department - Memberships	100	100	295	(195)
Police Department - Utilities	3,000	3,000	4,726	(1,726)
Police Department - Prisoner Meals	250	250	-	250
Police Department - Legal Services	5,000	5,000	18,264	(13,264)
Police Department - Recruiting/Training	1,000	1,000	1,513	(513)
IT - Software	15,000	15,000	18,537	(3,537)
Vehicle Maintenance/Repairs	2,500	2,500	4,219	(1,719)
Police Dept. Capital/Debt Service	6,841	6,841	6,841	-
Fire and Police Commission	200	200	480	(280)
Building Inspection	15,000	15,000	15,764	(764)
Hydrant Rental	118,774	118,774	118,774	-
Total Public Safety	539,934	539,934	537,473	2,461

Village of Palmyra
Palmyra, Wisconsin

DRAFT

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Street Maintenance - Wages	57,116	57,116	56,075	1,041
Street Maintenance - Fringes	13,962	13,962	29,328	(15,366)
Streets - Fuel	3,500	3,500	3,489	11
Streets - Phone	800	800	870	(70)
Streets - Electric	5,000	5,000	6,461	(1,461)
Streets - Roadside Sweeping	500	500	-	500
Streets - Miscellaneous Supplies	4,000	4,000	1,649	2,351
Streets - Vehicle Maintenance	3,500	3,500	706	2,794
Streets - Treated Sand/Salt	8,000	8,000	10,937	(2,937)
Streets - Asphalt	1,200	1,200	1,088	112
Streets - Uniform Service	800	800	1,069	(269)
Streets - Forestry	1,500	1,500	800	700
Streets - Mower Maintenance	750	750	1,128	(378)
Streets - Tools	750	750	314	436
Streets - Internet/Computer	150	150	119	31
Streets - Safety and Street Program	1,500	1,500	1,500	-
Streets - Utilities and W/S/ST	600	600	485	115
Capital Outlay/Public Works	2,000	2,000	-	2,000
Highway Street Maintenance	70,000	70,000	3,649	66,351
Street Lighting	43,000	43,000	44,674	(1,674)
Sidewalk Construction	10,000	10,000	7,575	2,425
Garbage Collection	83,520	83,520	83,500	20
Recycling	45,268	45,268	45,257	11
Weed Control - Spring Lake	3,000	3,000	3,000	-
Traffic Control	-	-	(120)	120
Total Public Works	<u>360,416</u>	<u>360,416</u>	<u>303,553</u>	<u>56,863</u>
HEALTH AND HUMAN SERVICES				
Animal Pound	2,100	2,100	4,623	(2,523)
Cemetery	897	897	449	448
Total Health and Human Services	<u>2,997</u>	<u>2,997</u>	<u>5,072</u>	<u>(2,075)</u>

**Schedule of Revenues and Expenditures
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
CULTURE, RECREATION AND EDUCATION				
Historical Society	3,680	3,680	4,315	(635)
Scout Cabin Expenses	230	230	248	(18)
Summer Rec - Wages	16,923	16,923	16,846	77
Beach - Wages	3,900	3,900	2,213	1,687
Summer Rec - Fringes	5,844	5,844	5,693	151
Beach - FICA/Fringes	750	750	165	585
Summer Rec - Utilities	5,500	5,500	5,904	(404)
Summer Rec - Building Repairs	500	500	29	471
Public Works - Landscaping	1,000	1,000	-	1,000
Public Works - Miscellaneous Supplies	1,500	1,500	591	909
Public Works - Park Maintenance	2,500	2,500	2,683	(183)
Public Works - Playground	500	500	-	500
Public Works - Sports Fields Maintenance	1,500	1,500	2,794	(1,294)
Public Works - Fuel	2,000	2,000	1,745	255
Public Works - Mower Maintenance	1,000	1,000	1,466	(466)
Beach/Swimming	1,200	1,200	1,318	(118)
Summer Rec Capital	17,650	17,650	15,670	1,980
Flags/Banners	1,000	1,000	1,145	(145)
Total Culture, Recreation and Education	<u>67,177</u>	<u>67,177</u>	<u>62,825</u>	<u>4,352</u>
CONSERVATION AND DEVELOPMENT				
Plan Commission - Zoning Board Expense	5,000	5,000	12,434	(7,434)
Plan Commission - Zoning Board Wages	350	350	150	200
Dam Repairs	340	340	1,496	(1,156)
Total Conservation and Development	<u>5,690</u>	<u>5,690</u>	<u>14,080</u>	<u>(8,390)</u>
 Total Expenditures	<u>1,264,113</u>	<u>1,264,113</u>	<u>1,118,339</u>	<u>145,774</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources	<u>\$ (188,922)</u>	<u>\$ (188,922)</u>	<u>\$ (34,085)</u>	<u>\$ 154,837</u>