

**TOWN OF CEDARBURG, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2025**

**TOWN OF CEDARBURG, WISCONSIN**

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**TOWN OF CEDARBURG, WISCONSIN**

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**MEMBERS OF THE TOWN BOARD**

Chairman	David Salvaggio
Supervisor	Wayne Pipkorn
Supervisor	Russ Lauer
Supervisor	Larry Lechner
Supervisor	Thomas Esser
Administrator	Eric Ryer
Clerk & Assistant Administrator	Sara Jacoby
Treasurer	Katie LeBlanc



## INDEPENDENT AUDITORS' REPORT

To the Town Board  
Town of Cedarburg, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Town of Cedarburg, Wisconsin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Cedarburg'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 and each major fund of the Town of Cedarburg, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cedarburg and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and GAS 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 Town of Cedarburg'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 Town of Cedarburg's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

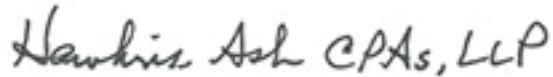
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is

required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026 on our consideration of the Town of Cedarburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cedarburg's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
March 13, 2026

**TOWN OF CEDARBURG, WISCONSIN**

**BASIC  
FINANCIAL STATEMENTS**

**TOWN OF CEDARBURG, WISCONSIN**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**TOWN OF CEDARBURG, WISCONSIN**

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and investments	\$ 7,773,581
Receivables	
Taxes	1,822,323
Accounts and other	55,478
Inventories	19,613
Prepays	32,760
Restricted assets	
Cash and investments	260,792
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	2,299,061
Capital assets being depreciated	14,148,172
<b>TOTAL ASSETS</b>	<u>26,411,780</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System pension	<u>317,589</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
	<u><b>26,729,369</b></u>
 <b>LIABILITIES</b>	
Accounts payable	71,339
Accrued liabilities	
Payroll	40,258
Interest	51,737
Deposit payable	327,900
Current portion of long-term obligations	686,787
Noncurrent portion of long-term obligations	5,944,478
<b>TOTAL LIABILITIES</b>	<u>7,122,499</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for subsequent year	3,704,795
Wisconsin Retirement System pension	157,759
<b>TOTAL DEFERRED INFLOWS     OF RESOURCES</b>	<u>3,862,554</u>
 <b>NET POSITION</b>	
Net investment in capital assets	11,608,080
Restricted for	
Special revenue	934,896
Unrestricted	3,201,340
<b>TOTAL NET POSITION</b>	<u>15,744,316</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
	<u><b>\$ 26,729,369</b></u>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 746,332	\$ 267,328	\$ -	\$ (479,004)
Public safety	710,018	-	51,678	(658,340)
Public works	1,885,992	488,526	254,127	(1,143,339)
Culture, recreation and education	209,968	128,395	-	(81,573)
Conservation and development	3,030	-	-	(3,030)
Interest and fiscal charges	147,534	-	-	(147,534)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 3,702,874</b>	<b>\$ 884,249</b>	<b>\$ 305,805</b>	<b>(2,512,820)</b>

**General revenues**

Taxes

Property taxes 3,162,846

Other taxes 3,224

Intergovernmental revenues not restricted

to specific programs 320,319

Interest and investment income 272,604

Miscellaneous 45,305

Gain (loss) on disposal of assets (28,685)

Total general revenues 3,775,613

CHANGE IN NET POSITION

1,262,793

NET POSITION - BEGINNING OF YEAR

14,481,523

**NET POSITION - END OF YEAR**

**\$ 15,744,316**

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**

**FUND  
FINANCIAL STATEMENTS**

**TOWN OF CEDARBURG, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2025**

	SPECIAL REVENUE FUNDS						DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE	AMERICAN RESCUE	RECREATION	FIRE & EMS	CAPITAL PROJECTS		
<b>ASSETS</b>								
Cash and investments	\$ 4,213,007	\$ 1,604,573	\$ 26,835	\$ 214,781	\$ 433,083	\$ 894,265	\$ 387,037	\$ 7,773,581
Receivables								
Taxes	1,448,442	-	-	-	-	-	373,881	1,822,323
Accounts and other	55,478	-	-	-	-	-	-	55,478
Inventories	19,613	-	-	-	-	-	-	19,613
Prepays	32,760	-	-	-	-	-	-	32,760
Restricted - cash and investments	-	260,792	-	-	-	-	-	260,792
<b>TOTAL ASSETS</b>	<b>5,769,300</b>	<b>1,865,365</b>	<b>26,835</b>	<b>214,781</b>	<b>433,083</b>	<b>894,265</b>	<b>760,918</b>	<b>9,964,547</b>
<b>LIABILITIES</b>								
Accounts payable	55,241	12,587	-	80	-	3,431	-	71,339
Accrued expenses								
Payroll	39,743	-	-	515	-	-	-	40,258
Deposit payable	1,500	326,400	-	-	-	-	-	327,900
<b>TOTAL LIABILITIES</b>	<b>96,484</b>	<b>338,987</b>	<b>-</b>	<b>595</b>	<b>-</b>	<b>3,431</b>	<b>-</b>	<b>439,497</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Taxes levied for subsequent year	2,943,877	-	-	-	-	-	760,918	3,704,795
<b>FUND BALANCES</b>								
Nonspendable	52,373	-	-	-	-	-	-	52,373
Restricted	-	260,792	26,835	214,186	433,083	-	-	934,896
Assigned	-	1,265,586	-	-	-	890,834	-	2,156,420
Unassigned	2,676,566	-	-	-	-	-	-	2,676,566
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,728,939</b>	<b>1,526,378</b>	<b>26,835</b>	<b>214,186</b>	<b>433,083</b>	<b>890,834</b>	<b>-</b>	<b>5,820,255</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,769,300</b>	<b>\$ 1,865,365</b>	<b>\$ 26,835</b>	<b>\$ 214,781</b>	<b>\$ 433,083</b>	<b>\$ 894,265</b>	<b>\$ 760,918</b>	

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital asset	\$ 26,843,473	
Governmental accumulated depreciation	<u>(10,396,240)</u>	16,447,233

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.

159,830

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	(4,839,153)	
Compensated absences	(75,543)	
Wisconsin Retirement System liability	(53,860)	
Accrued interest	(51,737)	
Pollution remediation	<u>(1,662,709)</u>	<u>(6,683,002)</u>

**Total net position - governmental activities** **\$ 15,744,316**

**TOWN OF CEDARBURG, WISCONSIN**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2025

	SPECIAL REVENUE FUNDS						TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	SPECIAL REVENUE	AMERICAN RESCUE	RECREATION	FIRE & EMS	CAPITAL PROJECTS		DEBT SERVICE
<b>REVENUES</b>								
Taxes	\$ 2,443,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 723,019	\$ 3,166,070
Intergovernmental	576,143	-	49,981	-	-	-	-	626,124
Licenses and permits	204,867	39,480	-	-	-	-	-	244,347
Public charges for services	487,793	-	-	128,295	-	19,848	-	635,936
Miscellaneous	190,430	84,599	268	2,143	4,216	9,669	-	291,325
<b>TOTAL REVENUES</b>	<b>3,902,284</b>	<b>124,079</b>	<b>50,249</b>	<b>130,438</b>	<b>4,216</b>	<b>29,517</b>	<b>723,019</b>	<b>4,963,802</b>
<b>EXPENDITURES</b>								
Current								
General government	661,312	2,176	29,074	-	-	-	-	692,562
Public safety	687,338	-	-	-	-	-	-	687,338
Public works	1,419,658	24,228	-	-	-	-	-	1,443,886
Culture, recreation and education	1,235	-	-	116,625	-	-	-	117,860
Conservation and development	3,030	-	-	-	-	-	-	3,030
Debt service								
Principal	-	-	-	-	-	-	564,362	564,362
Interest	-	-	-	-	-	-	158,657	158,657
Capital outlay	161,114	-	4,081	-	-	559,432	-	724,627
<b>TOTAL EXPENDITURES</b>	<b>2,933,687</b>	<b>26,404</b>	<b>33,155</b>	<b>116,625</b>	<b>-</b>	<b>559,432</b>	<b>723,019</b>	<b>4,392,322</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>968,597</b>	<b>97,675</b>	<b>17,094</b>	<b>13,813</b>	<b>4,216</b>	<b>(529,915)</b>	<b>-</b>	<b>571,480</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	154,281	500,000	-	-	428,867	-	-	1,083,148
Transfers (out)	(928,867)	(100,866)	(53,415)	-	-	-	-	(1,083,148)
Sale of capital assets	9,775	20,775	-	-	-	-	-	30,550
Issuance of long-term debt	-	-	-	-	-	345,000	-	345,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(764,811)</b>	<b>419,909</b>	<b>(53,415)</b>	<b>-</b>	<b>428,867</b>	<b>345,000</b>	<b>-</b>	<b>375,550</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>203,786</b>	<b>517,584</b>	<b>(36,321)</b>	<b>13,813</b>	<b>433,083</b>	<b>(184,915)</b>	<b>-</b>	<b>947,030</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,525,153</b>	<b>1,008,794</b>	<b>63,156</b>	<b>200,373</b>	<b>-</b>	<b>1,075,749</b>	<b>-</b>	<b>4,873,225</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,728,939</b>	<b>\$ 1,526,378</b>	<b>\$ 26,835</b>	<b>\$ 214,186</b>	<b>\$ 433,083</b>	<b>\$ 890,834</b>	<b>\$ -</b>	<b>\$ 5,820,255</b>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds \$ 947,030

*Amounts reported for governmental activities in the statement of activities are different because:*

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 724,627	
Capital outlay reported as other expenses in governmental fund statements	154,185	
Depreciation expense reported in the statement of activities	(741,734)	
Less cost of capital assets disposed	<u>(28,685)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		108,393

Certain capital assets acquired during the year were financed with loans. The amount of the loans are reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is: (345,000)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: (492)

Wisconsin Retirement System asset, deferred outflows of resources, liability and deferred inflows of resources changes: (22,623)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is: 564,362

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues. The amount of interest and other debt costs paid during the current period 158,657  
The amount of interest and other debt costs accrued during the current period (147,534)  
Interest paid is greater than interest accrued by: 11,123

**Change in net position - governmental activities \$ 1,262,793**

**TOWN OF CEDARBURG, WISCONSIN**

STATEMENT OF NET POSITION

FIDUCIARY FUND

DECEMBER 31, 2025

	<u>CUSTODIAL FUND</u>
<b>ASSETS</b>	
Cash and investments	\$ 6,971,560
Taxes receivable	<u>6,734,595</u>
<b>TOTAL ASSETS</b>	<u><u>13,706,155</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>6,971,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for subsequent year	<u>6,734,595</u>
<b>NET POSITION</b>	
Restricted for other governments	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED DECEMBER 31, 2025**

	<u>CUSTODIAL FUND</u>
<b>ADDITIONS</b>	
Collections for other governments	\$ 12,528,490
<b>DEDUCTIONS</b>	
Payments to other governments	<u>12,528,490</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies**

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

**Reporting Entity** - The Town of Cedarburg, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin. The Town operates under a Town Administrator form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The Town's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the Town has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the Town's financial accountability for a legally separate organization: the Town 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 Town. The Town may be financially accountable if an organization is fiscally dependent on the Town regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

**Basis of Presentation**

**Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the Town's primary operating fund.

Special Revenue Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes.

Special Revenue - American Rescue Fund - is used to account for and report revenues and expenses specific to the American Rescue Plan Act.

Special Revenue - Recreation Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for operating the Town's recreation program and capital outlays, including the acquisition or construction of recreation facilities.

Special Revenue - Fire & EMS Fund - is used to account for and report revenues and expenses specific to Fire & EMS.

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

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest payments.

In addition, the Town reports the following fund type:

Fiduciary Custodial Fund - Tax - is used to account for assets held by the Town for other governmental units.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 government 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 unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Accounts Receivable** - Accounts receivable have been adjusted for all uncollectible accounts. No allowance for uncollectible accounts has been recorded since management believes all accounts are collectible. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

**Interfund Transactions** - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as transfers, and exchange transactions are recorded as revenues and expenses.

**Inventories** - Inventories are valued at cost using the average cost method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Prepays** - Prepaid items represent payments for goods or services for which benefits extend beyond December 31.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Restricted Cash** - Certain resources set aside for impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

**Capital Assets** - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of \$5,000 or more for general capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated assets are reported at their estimated acquisition value at the date of donation.

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

Buildings	25 - 50 years
Equipment	10 - 20 years
Infrastructure	35 - 50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Pensions** - For purposes of measuring the 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 Wisconsin Retirement System (WRS) and additions to/deductions from the 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

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences** - Vacation, sick, and compensatory time off policies provide paid time off in varying amounts. Benefits considered more likely than not to be used or settled at separation are recognized as a liability. The liability is reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the government funds only if the liability has matured as a result of employee terminations, resignations or retirements. The liability includes salary related benefits where applicable.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial 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 future periods and will not be recognized as an outflow of resources (expenditure) until then. The Town has one item that qualifies for reporting in this category, which is the Wisconsin Retirement System pension. The Wisconsin Retirement System pension results from changes in the actuarial study and is amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial 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 until then. The Town has two types of these items: unavailable revenue and Wisconsin Retirement System pension. The unavailable revenue is from two sources: property taxes levied for subsequent year and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The Wisconsin Retirement System pension results from changes in the actuarial study and is amortized over the average of the expected remaining service lives of participants.

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

**Net Position Classifications** - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Balance Classifications** - The Town classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the Town itself, using its highest level of decision making authority - resolutions, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body,

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

the Town Board has not delegated the authority to assign fund balances and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the Town's policy to record the net loss against committed fund balance, then assigned fund balance, and lastly to unassigned fund balance (GASB 54 default for no policy). The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**NOTE 2 - Cash and Investments**

State statutes permit the Town to invest available cash balances in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2025, the Town had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 55,676
Certificates of deposit	More than one year	<u>2,157,498</u>
Total		<u>\$ 2,213,174</u>

**Determining Fair Value** - The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has no items requiring recurring fair value measurements.

**Income Allocation** - Interest income is allocated to the fund which owns the certificate of deposit, money market account, savings account and investment.

**Interest Rate Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The Town has a formal investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has a formal investment policy that would not further limit its investment choices.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 2 - Cash and Investments - Continued**

losses of public funds up to \$1,000,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2025, \$13,275,735 of the Town's bank balance of \$15,036,866 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government and municipal governments securities held by the bank in the bank's name.

Restricted cash on December 31, 2025 consists of the following:

Impact fees account	\$	260,792
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**NOTE 3 - Property Taxes**

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31 or payable in full on January 31. Personal property taxes are payable in full on January 31. The Town bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the county for collection. Delinquent personal property tax remains the collection responsibility of the Town. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Fund. Town property tax revenue is recognized in the year they are levied for and available for use. The 2025 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,073,157	\$ -	\$ -	\$ 2,073,157
Construction in progress	82,294	143,610	-	225,904
Total capital assets not being depreciated	<u>2,155,451</u>	<u>143,610</u>	<u>-</u>	<u>2,299,061</u>
Capital assets being depreciated:				
Land improvements	1,694,158	-	-	1,694,158
Buildings and improvements	2,850,606	-	(475,800)	2,374,806
Equipment	2,168,393	677,061	(82,973)	2,762,481
Infrastructure	<u>17,654,826</u>	<u>58,141</u>	<u>-</u>	<u>17,712,967</u>
Total capital assets being depreciated	<u>24,367,983</u>	<u>735,202</u>	<u>(558,773)</u>	<u>24,544,412</u>
Less accumulated depreciation for:				
Land improvements	(338,830)	(67,766)	-	(406,596)
Buildings and improvements	(1,620,139)	(59,407)	475,800	(1,203,746)
Equipment	(1,032,856)	(269,035)	54,288	(1,247,603)
Infrastructure	<u>(7,192,769)</u>	<u>(345,526)</u>	<u>-</u>	<u>(7,538,295)</u>
Total accumulated depreciation	<u>(10,184,594)</u>	<u>(741,734)</u>	<u>530,088</u>	<u>(10,396,240)</u>

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 4 - Capital Assets - Continued**

Total capital assets being depreciated, net of accumulated depreciation	14,183,389	(6,532)	(28,685)	<u>14,148,172</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 16,338,840</u>	<u>\$ 137,078</u>	<u>\$ (28,685)</u>	<u>\$ 16,447,233</u>

Infrastructure information prior to January 1, 1967 is not included in the above amount.

Depreciation expense was charged to governmental functions as follows:

General government	\$	16,000
Public safety		22,680
Public works		615,553
Culture, recreation and education		<u>87,501</u>
Total	<u>\$</u>	<u>741,734</u>

**NOTE 5 - Long-Term Obligations**

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes payable - direct borrowing	\$ 5,058,515	\$ 345,000	\$ (564,362)	\$ 4,839,153	\$ 611,244
Compensated absences - vacation	19,523	1,072	-	20,595	20,595
Compensated absences - sick	55,528	-	(580)	54,948	54,948
<b>Wisconsin Retirement System</b>					
Net pension liability	51,520	2,340	-	53,860	-
Pollution remediation obligation	<u>1,662,709</u>	-	-	<u>1,662,709</u>	-
Total	<u>\$ 6,847,795</u>	<u>\$ 348,412</u>	<u>\$ (564,942)</u>	<u>\$ 6,631,265</u>	<u>\$ 686,787</u>

Interest cost incurred during the year totaled \$147,534 for governmental activities. Total interest paid during the year aggregated \$158,657 for governmental activities.

**General Obligation Debt** - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Town. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2025 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Note payable - direct borrowing	5/4/22	3 - 4%	3/1/32	\$ 4,390,000
Note payable - direct borrowing	5/24/22	3.25%	3/15/27	104,153
Note payable - direct borrowing	8/29/25	4.73%	10/1/26	<u>345,000</u>
Total				<u>\$ 4,839,153</u>

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 5 - Long-Term Obligations - Continued**

**General Obligation Debt Limit Calculation** - The 2025 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$1,638,764,200. The legal debt limit and margin of indebtedness as of December 31, 2025, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

Debt limit (5% of \$1,638,764,200)	\$ 81,938,210
Applicable long-term debt	(4,839,153)
Amount available in debt service	-
Margin of indebtedness	<u>\$ 77,099,057</u>

**Maturities of Long-Term Obligations** - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Year Ending December 31	Governmental Activities		
	Notes Payable - Direct		
	Borrowing and Placement		Total
Principal	Interest		
2026	\$ 611,244	\$ 149,674	\$ 760,918
2027	272,909	123,670	396,579
2028	225,000	115,275	340,275
2029	225,000	108,525	333,525
2030	230,000	101,700	331,700
2031-2032	3,275,000	140,325	3,415,325
	<u>\$ 4,839,153</u>	<u>\$ 739,169</u>	<u>\$ 5,578,322</u>

**Pollution Remediation Obligation** - At year end December 31, 2025, the Town was obligated to address the future pollution cleanup activities at Prochnow Landfill, due to federal or state laws or regulations. The Town's obligation originated in 2008 to address the pollution remediation because the pollution created an imminent endangerment to public health or welfare or the environment. Examples of expected future remediation activity costs include legal services, site investigation, and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2025, the obligation was \$1,662,709. The Town will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such additional costs become measurable. Because of this, the liability is subject to change as the Town becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 6 - 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

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

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, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2015	2.9	2
2016	.5	(5)

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

**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 \$49,537 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

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

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

At December 31, 2025, the Town reported a liability (asset) of \$53,860 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 Town's proportion of the net pension liability (asset) was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Town's proportion was .00327788%, which was a decrease of .00018733% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town recognized pension expense (revenue) of \$73,292.

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

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,268	\$ 157,180
Net differences between projected and actual earnings on pension plan investments	81,845	-
Changes of actuarial assumptions	15,981	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,958	579
Employer contributions subsequent to the measurement date	49,537	-
<b>Total</b>	<b>\$ 317,589</b>	<b>\$ 157,759</b>

\$49,537 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 (revenue) as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2026	\$ 33,599
2027	112,294
2028	(27,242)
2029	(8,358)
Thereafter	-

**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
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases	
Wage Inflation	3%
Seniority/Merit	.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

*\* 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.

**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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns  
 As of December 31, 2024

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

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

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.6%.

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

**Single Discount Rate** - A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. 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

**TOWN OF CEDARBURG, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2025

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

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 Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current discount rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Town's proportionate share of the net pension liability (asset)	\$ 505,286	\$ 53,860	\$ (266,863)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://efw.wi.gov/about-efw/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan** - The Town reported a payable of \$5,531 for outstanding amount of contributions to the pension plan required for the year ended December 31, 2025.

**NOTE 7 - Interfund Balance and Activity**

Interfund transfers at December 31, 2025 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Special Revenue	\$ 154,281
Special Revenue	General	500,000
Fire & EMS	General	428,867
		<u>\$1,083,148</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 8 - Fund Balance and Net Position**

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2025

**NOTE 8 - Fund Balance and Net Position - Continued**

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 32,760
General	Inventories	\$ 19,613
Restricted		
Special Revenue	Impact fees	\$ 260,792
Special Revenue - American Rescue	General government	\$ 26,835
Special Revenue - Recreation	Recreation projects	\$ 214,186
Special Revenue - Fire & EMS	Fire & EMS projects	\$ 433,083
Assigned		
Special Revenue	Machinery	\$ 1,002,028
Special Revenue	Environment	\$ 180,280
Special Revenue	Public works facility	\$ 173,800
Special Revenue	Town center	\$ 453,271
Capital Projects	Capital	\$ 890,834
 <u>Net Position</u>		
Governmental Activities		
Restricted		
Special Revenue	Impact fees	\$ 260,792
Special Revenue - American Rescue	General government	\$ 26,835
Special Revenue - Recreation	Recreation projects	\$ 214,186
Special Revenue - Fire & EMS	Fire & EMS projects	\$ 433,083

The Town has adopted a resolution that a working fund balance for general operations will be maintained in order to support expenditures prior to collections of taxes or other major revenues. The unassigned General Fund fund balance shall be maintained at a minimum of 40% of the prior year's budgeted general fund operating expenditures, less the amount included for highway construction as that number fluctuates from year to year.

**NOTE 9 - Risk Management**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the Town's policy is to purchase commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

**TOWN OF CEDARBURG, WISCONSIN**

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**TOWN OF CEDARBURG, WISCONSIN**  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 2,441,199	\$ 2,441,199	\$ 2,443,051	\$ 1,852
Intergovernmental	572,138	572,138	576,143	4,005
Licenses and permits	157,180	157,180	204,867	47,687
Fines, forfeits and penalties	250	250	-	(250)
Public charges for services	476,008	476,008	487,793	11,785
Miscellaneous	5,500	5,500	190,430	184,930
<b>TOTAL REVENUES</b>	<u>3,652,275</u>	<u>3,652,275</u>	<u>3,902,284</u>	<u>250,009</u>
<b>EXPENDITURES</b>				
Current				
General government	893,502	893,502	661,312	232,190
Public safety	670,272	670,272	687,338	(17,066)
Public works	1,546,629	1,546,629	1,419,658	126,971
Culture, recreation and education	7,500	7,500	1,235	6,265
Conservation and development	3,505	3,505	3,030	475
Capital outlay	204,000	259,387	161,114	98,273
<b>TOTAL EXPENDITURES</b>	<u>3,325,408</u>	<u>3,380,795</u>	<u>2,933,687</u>	<u>447,108</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>326,867</u>	<u>271,480</u>	<u>968,597</u>	<u>697,117</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	260,000	315,387	154,281	(161,106)
Operating transfers (out)	(586,867)	(586,867)	(928,867)	(342,000)
Sale of capital assets	-	-	9,775	9,775
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(326,867)</u>	<u>(271,480)</u>	<u>(764,811)</u>	<u>(493,331)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	203,786	203,786
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,525,153</u>	<u>2,525,153</u>	<u>2,525,153</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><b>\$ 2,525,153</b></u>	<u><b>\$ 2,525,153</b></u>	<u><b>\$ 2,728,939</b></u>	<u><b>\$ 203,786</b></u>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Licenses and permits	\$ 30,620	\$ 30,620	\$ 39,480	\$ 8,860
Miscellaneous	-	-	84,599	84,599
<b>TOTAL REVENUES</b>	<u>30,620</u>	<u>30,620</u>	<u>124,079</u>	<u>93,459</u>
<b>EXPENDITURES</b>				
Current				
General government	20,000	20,000	2,176	17,824
Public works	62,000	116,000	24,228	91,772
Capital outlay	60,000	115,387	-	115,387
<b>TOTAL EXPENDITURES</b>	<u>142,000</u>	<u>251,387</u>	<u>26,404</u>	<u>224,983</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(111,380)</u>	<u>(220,767)</u>	<u>97,675</u>	<u>318,442</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	500,000	350,000
Transfers (out)	(200,000)	(200,000)	(100,866)	99,134
Sale of capital assets	-	-	20,775	20,775
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>419,909</u>	<u>469,909</u>
<b>NET CHANGE IN FUND BALANCE</b>	(161,380)	(270,767)	517,584	788,351
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,008,794	1,008,794	1,008,794	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 847,414</u>	<u>\$ 738,027</u>	<u>\$ 1,526,378</u>	<u>\$ 788,351</u>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE - AMERICAN RESCUE FUND  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 49,981	\$ 49,981
Miscellaneous	-	-	268	268
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>50,249</b>	<b>50,249</b>
<b>EXPENDITURES</b>				
Current				
General government	160,000	160,000	29,074	130,926
Capital outlay	60,000	60,000	4,081	55,919
<b>TOTAL EXPENDITURES</b>	<b>220,000</b>	<b>220,000</b>	<b>33,155</b>	<b>186,845</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(220,000)</b>	<b>(220,000)</b>	<b>17,094</b>	<b>237,094</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	-	-	(53,415)	(53,415)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(220,000)</b>	<b>(220,000)</b>	<b>(36,321)</b>	<b>183,679</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>63,156</b>	<b>63,156</b>	<b>63,156</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ (156,844)</b>	<b>\$ (156,844)</b>	<b>\$ 26,835</b>	<b>\$ 183,679</b>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE - RECREATION FUND  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Public charges for services	\$ 137,780	\$ 137,780	\$ 128,295	\$ (9,485)
Miscellaneous	-	-	2,143	2,143
TOTAL REVENUES	137,780	137,780	130,438	(7,342)
<b>EXPENDITURES</b>				
Current				
Culture, recreation and education	137,780	137,780	116,625	21,155
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	13,813	13,813
NET CHANGE IN FUND BALANCE	-	-	13,813	13,813
FUND BALANCE - BEGINNING OF YEAR	200,373	200,373	200,373	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 200,373</b>	<b>\$ 200,373</b>	<b>\$ 214,186</b>	<b>\$ 13,813</b>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE - FIRE & EMS FUND  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 4,216	\$ 4,216
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	428,867	428,867
NET CHANGE IN FUND BALANCE	-	-	433,083	433,083
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 433,083</u></b>	<b><u>\$ 433,083</u></b>

The accompanying notes are an integral part of these statements.

**TOWN OF CEDARBURG, WISCONSIN**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
DECEMBER 31, 2025

**NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. In August of each year, all department heads of the Town submit requests for appropriations to the Town Administrator so that a budget may be prepared. In September, the Town Administrator submits a proposed operating budget for the fiscal year commencing the following January 1 to the Finance Committee. The operating budget includes proposed expenditures and the means of financing them.
2. The Town Board holds an initial review of the Finance Committee's recommended budget at its October Board meeting.
3. A public hearing is conducted for residents to approve the budget in November.
4. The department heads are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Town Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget approval and subsequent revisions authorized by the Town Board.
9. Appropriations lapse at year-end, except those specifically carried forward by Board action.
10. Encumbrance accounting is not used.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following expenditure classifications were in excess of \$1,000 over budget.

General Fund	Public safety	\$ 17,066
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**TOWN OF CEDARBURG, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2025**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**Last 10 Fiscal Years**

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.00327788%	\$ 53,860	\$ 644,821	8.35%	98.79%
2023	0.00346521%	51,520	628,081	8.20%	98.85%
2022	0.00356996%	189,125	641,873	29.46%	95.72%
2021	0.00366227%	(295,185)	630,721	-46.80%	106.02%
2020	0.00374489%	(233,798)	586,371	-39.87%	105.26%
2019	0.00391103%	(126,109)	613,431	-20.56%	102.96%
2018	0.00388347%	138,161	601,379	22.97%	96.45%
2017	0.00392198%	(116,448)	592,986	-19.64%	102.93%
2016	0.00394400%	32,508	540,232	6.02%	99.12%
2015	0.00408074%	66,311	572,586	11.58%	98.20%

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years**

Town Fiscal Year End	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 49,537	\$ (49,537)	\$ -	\$ 712,768	6.95%
2024	45,560	(45,560)	-	644,821	7.07%
2023	42,708	(42,708)	-	628,081	6.80%
2022	41,721	(41,721)	-	641,873	6.50%
2021	42,573	(42,573)	-	630,721	6.75%
2020	39,580	(39,580)	-	586,371	6.75%
2019	40,179	(40,179)	-	613,431	6.55%
2018	40,291	(40,291)	-	601,379	6.70%
2017	40,322	(40,322)	-	592,986	6.80%
2016	35,655	(35,655)	-	540,232	6.60%

The Town implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2025**

Changes 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 ended December 31, 2021, including the following:

- \* Lowering the long-term expected rate of return from 7% to 6.8%.
- \* Lowering the discount rate from 7% 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%
- \* Lowering the discount rate from 7.2% to 7%.
- \* Lowering the wage inflation rate from 3.2% to 3%.
- \* 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.

**TOWN OF CEDARBURG**  
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued  
YEAR ENDED DECEMBER 31, 2025

**Notes to Required Supplementary Information for the Year Ended December 31, 2025 - 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%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
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	1.7%	1.7%	1.9%	1.9%	1.9%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	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.

**TOWN OF CEDARBURG**  
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued  
YEAR ENDED DECEMBER 31, 2025

**Notes to Required Supplementary Information for the Year Ended December 31, 2025 - 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.

**TOWN OF CEDARBURG, WISCONSIN**  
**OTHER REPORT**



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

To the Town Board  
Town of Cedarburg, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Cedarburg, Wisconsin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Cedarburg, Wisconsin's basic financial statements, and have issued our report thereon dated March 13, 2026.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below as items 2025-001 and 2025-002, that we consider to be significant deficiencies.

**2025-001 - Preparation of Financial Statements**

Program: Government-Wide.

Criteria: Adequate internal controls necessitate personnel (management or others) of the Town have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2024-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

## **2025-002 - Significant Audit Adjustments**

Program: Government-Wide.

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the Town's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2024-002.

Recommendation: Improve the Town's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The Town will incorporate financial reporting internal controls to detect significant adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Cedarburg, Wisconsin's financial

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

### **Town of Cedarburg, Wisconsin's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Cedarburg, Wisconsin's responses to the findings identified in our audit are described below. The Town of Cedarburg, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
March 13, 2026