VILLAGE OF SOMERS

KENOSHA COUNTY, WISCONSIN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

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VILLAGE OF SOMERS
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December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Somers
Kenosha County, Wisconsin

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21, and the OPEB and pension schedules on pages 93 through 95 be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Somers, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

We have previously audited the Village of Somers, Wisconsin's 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 7, 2025. In our opinion, the summarized comparative information for the governmental funds presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Andrea & Orendorff LLP

Andrea & Orendorff LLP
Pleasant Prairie, Wisconsin
August 12, 2026

Our discussion and analysis of the Village of Somers's (the Village) financial performance provides an overview of the Village's financial activities for the year ended December 31, 2025.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Activities, and the Fund financial statements provide information about the long-term finances and the activities of the Village as a whole. Governmental activities reflect how services were financed in the short-term and what balance remains for future spending. The Village's fund financial statements report the Village's operations in more detail than government-wide statements. The Statement of Net Position and Statement of Activities provide information about the Village's most significant funds. Our analysis of the Village as a whole begins on page 22.

Reporting the Village as a Whole

One of the most important questions asked about the Village's finances - "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. Most private-sector companies use accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net position and changes in them. You can think of the Village's net position - the difference between assets and liabilities - as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the Village's financial health, you will need to consider other non-financial factors, such as changes in the Village's property tax base and the condition of the Village's roads, both of which have shown significant improvement.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Village's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing, through fees and grants.

In the Statement of Net Position and the Statement of Activities, we divide the Village into three kinds of activities:

<u>Governmental activities</u>: Most of the Village's basic services are reported here, including public safety, highway, parks, planning, capital projects, and administration. Property taxes, licensure fees, fines, donations, and state and federal grants finance most of these activities.

Reporting the Village as a Whole (continued)

Governmental Activities: (continued)
The functions and programs of the primary government, along with the composition of each function by Village department are listed below.

- General Government includes the Village Board, Municipal Court, Village office, Clerk-Treasurer, Elections, Board of Review, Village Assessor, audit fees, legal fees, engineering, Village Hall, membership dues, advertising and publications, property and liability insurance, and Debt Service payments.

- Public Safety includes the Somers Fire and Rescue department and the Village's Building Inspection department. Public Safety also includes payments under a contract with the Kenosha County Sheriff's Department for general law enforcement services provided by the County 24 hours per day.

- Public Works includes the maintenance of all Village & Town roads, operation of municipal sewer & water utilities, related facilities and street lighting.

- Solid Waste Collection is a contracted service for garbage and recycling pickup.

- Leisure Activities includes a recreation program which offers softball, soccer, golf & basketball.

- Conservation and Development includes the Plan Commission, the Board of Appeals, the Park Committee, and the eleven Tax Incremental Districts. In an effort to save costs, the Village contracts with Kenosha County Planning & Development for zoning oversight.

Business-type activities:
The Village charges fees to customers for the business-type services it provides. The business-type activities include the Somers Water Utility, Storm Water Utility, and the two sewer utilities – KR and Utility District #1. Water rates are established by the Public Service Commission of Wisconsin based on fact and circumstances presented in rate case petitions by the water utility management. Once granted, water rates are implemented with the review and approval of the Somers Water Commissioners. Rates for sewer service are established by the sewer utility management subject to approval by the Village of Somers Sewer Commission.

Fiduciary activities:
The Village collects property taxes on behalf of other governments. Collected taxes are included in cash and offset with a matching liability to the government. Uncollected taxes are recorded as a receivable.

Reporting the Village's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. The Village, by the nature of its activity, utilizes three types of funds – governmental, proprietary, and fiduciary, requiring different accounting approaches.

Governmental Funds
Most of the Village's basic services are reported in Governmental Funds, which focus on how money flows in and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides.

Governmental Fund information helps determine the financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the respective Governmental Funds' statements.

The Governmental Funds include the General Fund, a 10-year Capital Projects Fund, Debt Service Funds, and Tax Incremental Districts #1-11. Additionally, the Village reports other governmental activities including park improvement, restricted federal funding, and drainage as non-major Special Revenue funds. The General Fund includes General Government, Public Safety, Public Works, Solid Waste Collection, Leisure Activities, and Conservation and Development. The Capital Projects Fund is used to account for infrastructure projects, developer's incentive payments & on-going TIF project expenses. The Debt Service Fund serves as a clearing account for present and future debt payments.

Proprietary Funds
The Village uses Proprietary Funds to account for its business-type activities such as the Somers Water Utility, Storm Water Utility, the KR Sewer District, and Utility District #1. The Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Village's Proprietary Fund is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information such as cash flows.

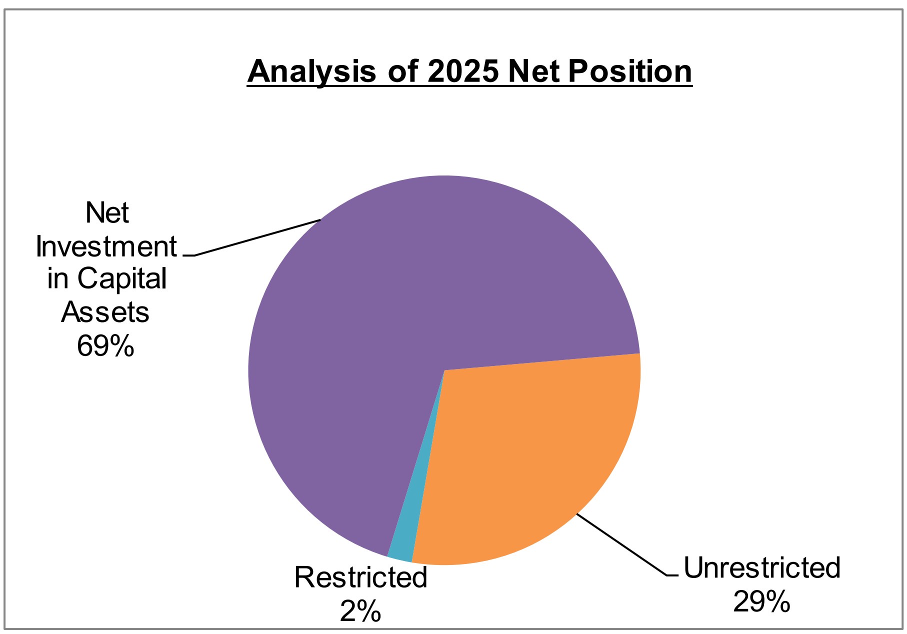
Fiduciary Funds
The Village uses a Fiduciary Fund to account for taxes collected by the Village on behalf of other municipalities. The fiduciary fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The Village as a Whole

Government-wide Financial Analysis
The condensed financial statements on page 8 and 9 present the net position of the Village and changes in net position. These statements are presented with comparisons to 2024. Net position may serve over time as a useful indicator of a government's financial position. In 2025, the Village's assets exceeded liabilities by $77,814,029 as compared to having assets in excess of liabilities of $70,384,830 in 2024.

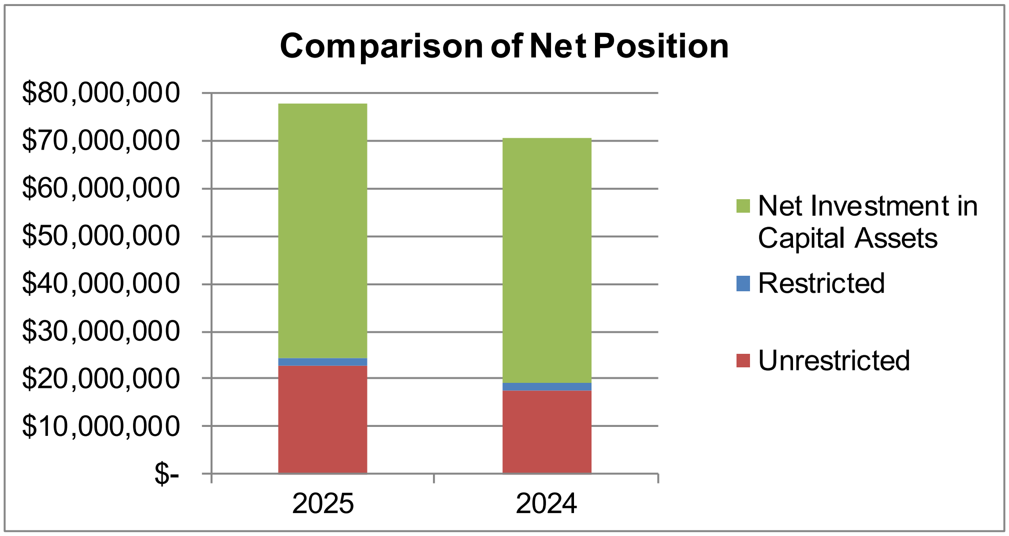
The largest portion of the Village's 2025 net position (69%, compared to 73% for 2024) reflects the Village's investment in capital assets less any outstanding related debt used to acquire those assets. The Village uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position of approximately $23,000,000 ($18,000,000 for 2024) is in the category of unrestricted net assets which may be used to meet the Village's ongoing obligations to citizens and creditors. This represents 29% and 25% of total net position each year, respectively.

In 2025 and 2024, restricted net position was 2% of the total.



The Village as a Whole (continued)

Government-wide Financial Analysis (continued)



VILLAGE OF SOMERS
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 36,116,116	$ 30,444,252	$ 15,624,093	$ 15,544,274	$ 51,740,209	$ 45,988,526
Capital assets	17,159,117	17,649,352	66,655,583	66,209,678	83,814,700	83,859,030
Total Assets	53,275,233	48,093,604	82,279,676	81,753,952	135,554,909	129,847,556
Deferred outflows of resources	1,554,447	2,087,693	238,759	319,686	1,793,206	2,407,379
Long-term liabilities outstanding	27,418,776	29,789,709	10,638,764	12,265,960	38,057,540	42,055,669
Other liabilities	4,919,023	4,908,679	2,169,910	2,328,651	7,088,933	7,237,330
Total liabilities	32,337,799	34,698,388	12,808,674	14,594,611	45,146,473	49,292,999
Deferred inflows of resources	13,851,999	12,336,824	535,614	240,282	14,387,613	12,577,106
Net position:						
Net investment in capital assets	16,492,753	16,179,834	37,109,962	35,077,386	53,602,715	51,257,220
Restricted	1,597,814	1,373,071	-	-	1,597,814	1,373,071
Unrestricted	(9,450,685)	(14,406,820)	32,064,185	32,161,359	22,613,500	17,754,539
Total Net Position	$ 8,639,882	$ 3,146,085	$ 69,174,147	$ 67,238,745	$ 77,814,029	$ 70,384,830

The Village as a Whole (continued)

Government-wide Financial Analysis (continued)

VILLAGE OF SOMERS
CHANGES IN NET POSITION
For the Year Ended December 31, 2025

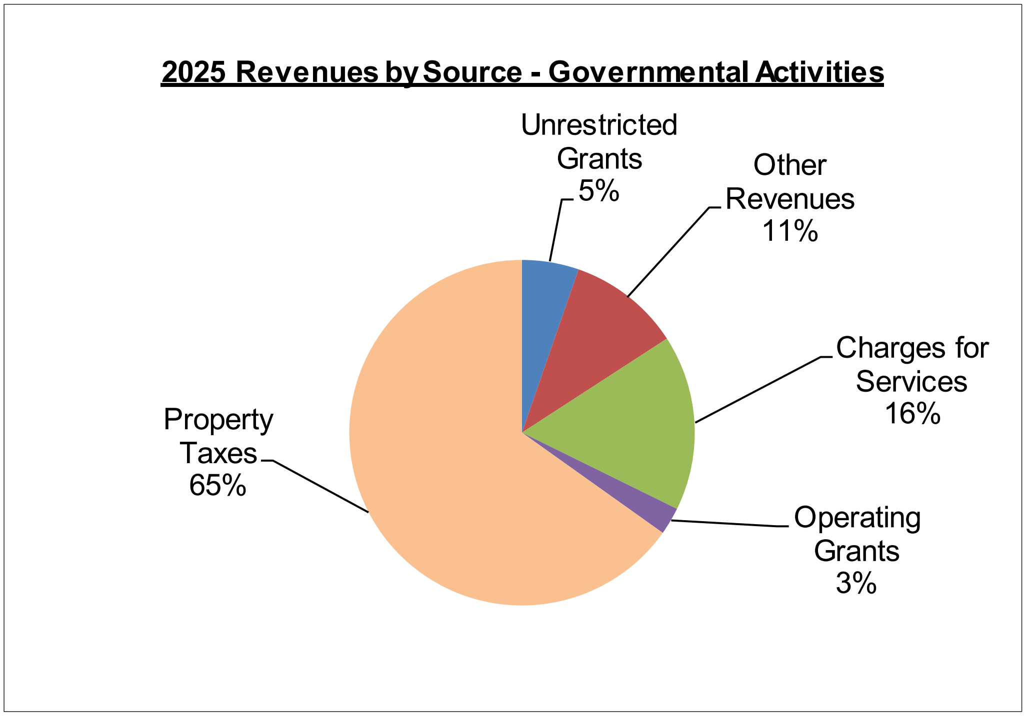
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 2,489,949	$ 1,730,999	$ 5,564,356	$ 5,349,772	$ 8,054,305	$ 7,080,771
Operating grants and contributions	378,466	815,486	10,650	-	389,116	815,486
General revenues:						
Property taxes	4,210,109	3,957,085	-	-	4,210,109	3,957,085
Other taxes	5,658,051	4,584,411	-	-	5,658,051	4,584,411
Grants and contributions not restricted to specific programs	803,816	699,920	-	-	803,816	699,920
Other revenues	1,639,840	2,114,956	201,002	1,882,299	1,840,842	3,997,255
Total revenues	15,180,231	13,902,857	5,776,008	7,232,071	20,956,239	21,134,928
Expenses:						
General government	1,687,560	1,885,952	-	-	1,687,560	1,885,952
Public safety	4,803,291	4,432,887	-	-	4,803,291	4,432,887
Public works	1,150,299	1,099,756	-	-	1,150,299	1,099,756
Solid waste collection	622,174	815,630	-	-	622,174	815,630
Leisure activities	21,530	39,343	-	-	21,530	39,343
Conservation and development	816,158	456,943	-	-	816,158	456,943
Interest on long-term debt	610,811	663,267	-	-	610,811	663,267
Sewer	-	-	3,272,675	2,942,797	3,272,675	2,942,797
Water	-	-	1,570,196	1,562,343	1,570,196	1,562,343
Total expenses	9,711,823	9,393,777	4,842,871	4,505,140	14,554,694	13,898,917
Excess (deficiency) of revenues over expenditures	5,468,408	4,509,080	933,137	2,726,931	6,401,545	7,236,011
Contributions and transfers	25,389	1,441,610	1,002,265	(510,920)	1,027,654	930,690
Increase (decrease) in net position	5,493,797	5,950,690	1,935,402	2,216,011	7,429,199	8,166,701
Net position - beginning of year	3,146,085	(2,804,605)	67,238,745	65,022,734	70,384,830	62,218,129
Net position - end of year	$ 8,639,882	$ 3,146,085	$ 69,174,147	$ 67,238,745	$ 77,814,029	$ 70,384,830

Revenues:
Total revenues for the Village decreased by $178,689 due to prior year developer contributions being less than 2024.

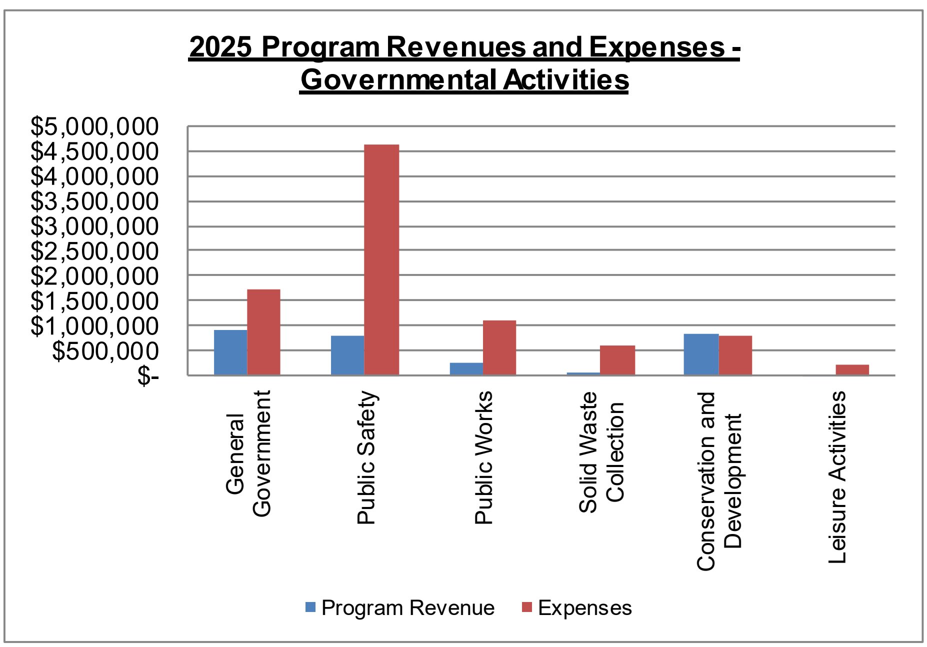
Expenditures:
Expenditures increased by $655,777 for the Village. This is due to general inflation and increased cost of labor, materials, and other services purchased by the Village.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the Village's governmental activities.

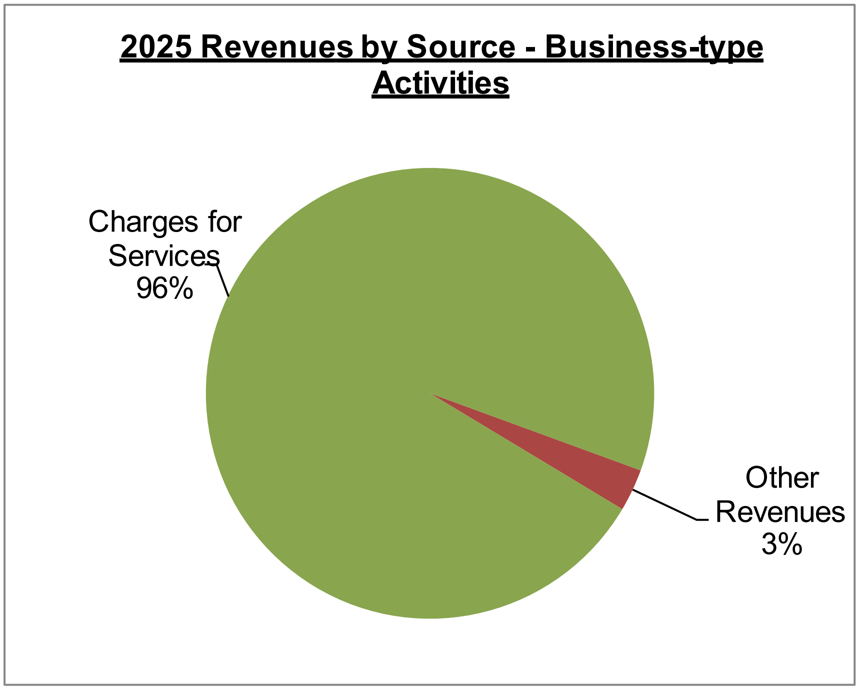


The following chart shows the portion of expenses by function that is covered by program revenues.



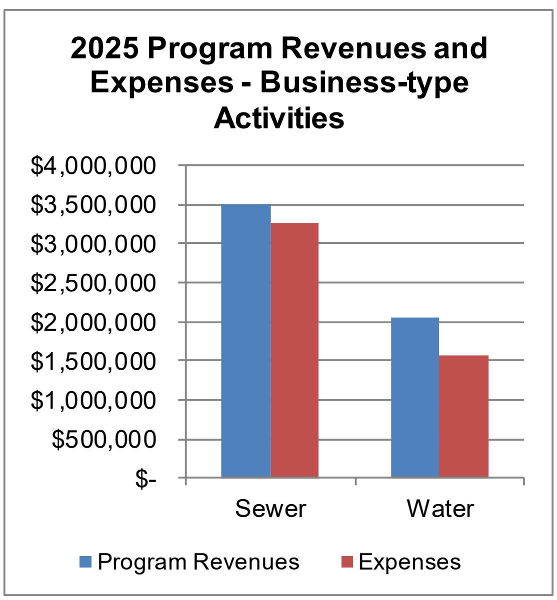
REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the Village's business-type activities.



PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities.



The Village's Funds

The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds, along with major changes that occurred in the Village's funds are described below.

In 2025, the Village Board continued to follow policies that cover the areas of debt and capitalization. The Village adopted a Utility study in 2020. The Village is also updating its 10-year Capital Improvement Plan, and long-range Financial Management Plan.

General Fund
The General Fund closed out in 2025 with an increase of $758,590, after transfers of $514,757 to the capital projects fund. The General Fund balance of $7.4 million is 107% of General Fund expenditures. The Village's fund balance policy requires at least a seventeen percent reserve. Additionally, the Village assigned $509,036 of the General Fund's increase for 2026 expenditures.

The following table shows total General fund balances for the past three years:

	2023	2024	2025
General fund	**$ 5,838,139**	**$ 6,652,700**	**$ 7,411,290**

Special Revenue Funds
The Parks and Drainage funds are "long-standing" funds to be used for park and drainage improvement projects. In 2021, the ARPA fund was added to account for funds received and spent under the American Rescue Plan Act.

Since being involved with the Root-Pike Watershed Initiative Network, the Village of Somers has utilized drainage funds to promote educational programs to teach the public about the benefits of preserving our natural resources. The programs chosen for this educational initiative were carefully reviewed to ensure they satisfy the requirements for the State of Wisconsin's Storm Water Management Discharge Permit.

ARPA funding of $13,406 remained unspent at year-end. In accordance with grant requirements, this remaining balance had been committed as of December 31, 2024 for future projects. The fund will be closed once all remaining ARPA funding has been spent.

Capital Projects Fund
The Capital Projects Fund is reviewed on an annual basis & approved by the Village Board. The Board continues to follow a 10-year Capital Projects Budget.

Debt Service Fund
The sole purpose is for servicing governmental debt. All of the Tax Incremental Districts' debt is included in the Debt Service. The fund balance at year-end was $14,704,273 compared to $10,934,766 in 2024. As of December 31, 2025, the fund balance includes $14,619,536 collected and held for repayment of debt associated with the Village's TIF Districts.

The Village's Funds (continued)

Tax Incremental Districts
TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the district. All of the Village's TIF Districts are within the 15-year expenditure period, during which projects are being financed with General Obligation Debt issued by the Village, or by developer contributions or other sources as determined by the Board. As of December 31, 2025, the incremental value of all the Village's TIDs since the respective base years is $541,019,000.

Tax Incremental District #1
Created in 2015 north of 39th Street and East of 88th Avenue, this 300-acre industrial district with a base value of $476,300 has a fund balance of $1,143,574, not including $4,585,131 restricted for debt service. The District will expire in 2035. Estimated future costs of $12,642,151 are expected to result in future revenues of $15,118,645. In 2025, net new construction in the TID increased the Village's equalized value by an estimated $745,700.

Tax Incremental District #2
Created in 2015 along State Highway 31 north of County Highway S, this 193.92-acre mixed use district with a base value of $5,810,800 has a fund deficit of $16,052, not including $4,729,662 restricted for debt service. The District will expire in 2035. Estimated future costs of $6,117,401 are expected to result in future revenues of $6,348,300. In 2025, net new construction in the TID increased the Village's equalized value by an estimated $10,400.

Tax Incremental District #3
Created in 2018 near I-94 and Highway 142, this 388.42-acre mixed use district with a base value of $1,779,800 has a fund deficit of $421,807, not including $2,203,521 restricted for debt service. The District will expire in 2038. Estimated future costs of $23,604,859 are expected to result in future revenues of $32,015,702. In 2025, net new construction in the TID increased the Village's equalized value by an estimated $22,817,600.

Tax Incremental District #4
Created in 2018 near County Highway E and State Highway 31, this 150.10-acre mixed use district with a base value of $1,767,500 has a fund deficit of $1,262,404, not including $2,510,201 restricted for debt service. The District will expire in 2038. Estimated future costs of $6,588,675 are expected to result in future revenues of $18,200,174. In 2025, net new construction in the TID did not increase the Village's equalized value.

Tax Incremental District #5
Created in 2018 along State Highway 31 around County Highway L, this 536.47-acre mixed use district with a base value of $1,148,400 has a fund deficit of $317,922, not including $158,157 restricted for debt service. The District will expire in 2038. Estimated future costs of $14,207,815 are expected to result in future revenues of $25,403,377. In 2025, net new construction in the TID increased the Village's equalized value by an estimated $10,765,800.

The Village's Funds (continued)

Tax Incremental District #6
Created in 2018 along County Highway E and I-94, this 663.34-acre mixed use district with a base value of $2,894,000 has a fund balance of $249,102, not including $218,005 restricted for debt service. The District will expire in 2038. Estimated future costs of $13,152,470 are expected to result in future revenues of $9,936,720. In 2025, net new construction in the TID increased the Village's equalized value by an estimated $3,417,900.

Tax Incremental District #7
Created in 2018 along County Highway KR and I-94, this 1,678.55-acre mixed use district with a base value of $8,364,800 has a fund deficit of $28,799, not including $189,774 restricted for debt service. The District will expire in 2038. Estimated future costs of $3,956 are expected to result in future revenues of $27,799. In 2025, net new construction in the TID did not increase the Village's equalized value.

Tax Incremental District #8
Created in 2018 along County Highway E and I-94, this 220.76-acre mixed use district with a base value of $362,100 has a fund deficit of $610,945, not including $4,320 restricted for debt service. The District will expire in 2038. Estimated future costs of $10,826,761 are expected to result in future revenues of $13,172,020. In 2025, there was no net new construction in the TID, but the TID financed $734,406 of infrastructure improvements which were contributed to the Water and Sewer Funds.

Tax Incremental District #9
Created in 2018 near the lakefront on the northern part of State Highway 32, this 6.23-acre mixed use district with a base value of $2,081,700 has a fund deficit of $20,755, not including $16,659 restricted for debt service. The District will expire in 2038. Estimated future costs of $1,206,043 are expected to result in future revenues of $2,643,224. In 2025, there was no net new construction in the TID.

Tax Incremental District #10
Created in 2018 near 11th Place and State Highway 32, this 12.47-acre mixed use district with a base value of $3,219,200 was terminated in April 2025. Upon termination, all unspent TID funds were returned to the incorporated districts, including $80,671 to the Village's General Fund.

Tax Incremental District #11
Created in 2018 near County Highways S and H, this 66.49-acre mixed use district with a base value of $195,100 has a fund deficit of $24,155, not including $4,106 restricted for debt service. The District will expire in 2038. Estimated future costs of $8,277,962 are expected to result in future revenues of $10,540,590. In 2025, there was no net new construction in the TID.

Enterprise Funds
Somers Water Utility, Utility District #1, KR Sewer Utility, and the Storm Water Utility all operate as enterprise funds. All of the enterprise funds account for contributed capital as revenue received in the year the capital asset is recognized.

The Village's Funds (continued)

Somers Water Utility Fund
The Water Utility closed 2025 with an increase in net position of $761,802 due to current year operating revenues exceeding the Fund's ongoing expenditures. Management, in concert with consulting engineers and Board oversight, continues to develop Village-wide plans that address new development in areas to be serviced by municipal water.

Sewer Utility District #1 Fund
Overall, the Sewer Utility District #1 closed out the year with an increase in net position of $1,103,385. Total net operating income for the Sewer Utility District #1 in 2025 was $590,513. This fund has a total net position at year end 2025 of $34.2 million.

Sewer system maintenance is critical for the health and safety of our residents. To ensure seamless service to the sewer customer base, Sewer Utility District #1 employs camera aided visual inspection to determine the need and type of periodic maintenance best suited. The District continues to use its VAC truck to maintain the Utility's infrastructure, including lift stations and sanitary sewer lines. In 2020, the Village received a $5 million loan for rehabilitation/replacement of sewer mains and laterals in the Sheridan Road Corridor. The Village Sewer Utility has continued its effort to limit inflow and infiltration. The Country Charms neighborhood was partially televised to assess its condition. The remaining televising will take place in 2026. From the 2025 portion, the sanitary main was found to be in poor condition, and sewer main lining is scheduled to take place in late 2026 and early 2027. The Village will continue to evaluate its current infrastructure and repair as needed. Beix and Valley View subdivisions were also televised and found to be in good condition, so no rehabilitation work is needed at this time. The sanitary lining scheduled to take place in 2026 & 2027 will decrease I&I in the sanitary system, allowing pumping stations to run less often and prolonging the life of the infrastructure.

KR Sewer Utility Fund
The KR Sewer Utility was established to service a small area along the County Highway KR border, Racine County to the north. The sewer line flows into the Mount Pleasant Interceptor Sewer and ultimately east to the Racine Sewer treatment plant.

For this service, the utility pays a set amount per quarter to the Village of Mount Pleasant for the treatment of sewer and an annual rental charge for the conveyance line on KR. In 2025, the Utility experienced an operating loss of $128,134.

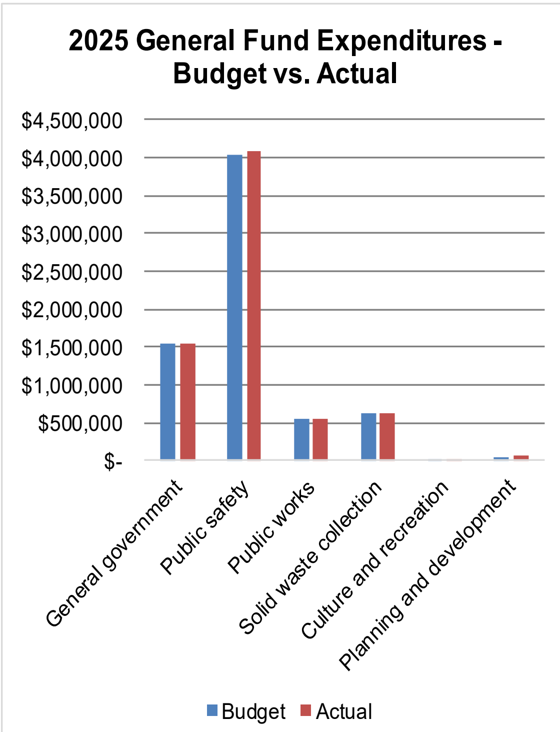
The KR Sewer Utility has a multi-jurisdictional agreement to help Racine Sewer Utility reconstruct the aging treatment plant. On an annual basis, a series of calculations based on property values is performed. The agreement and the resulting calculation determine who owes money to City of Racine Sewer Utility and who receives money.

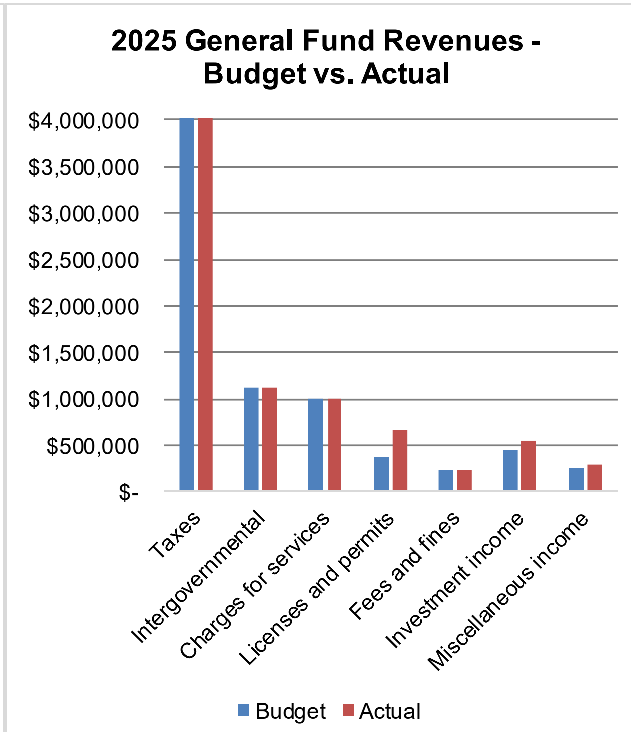
Storm Water Fund
The Storm Water Utility closed 2025 with an increase in net position of $185,850 due mainly to current year operating income. Management, in concert with consulting engineers and Board oversight, continues to develop Village-wide plans that address new development in areas to be serviced by municipal water. The Village intends for all new residential development stormwater infrastructure to be curb and gutter. Under the direction of the Utilities Manager, the Stormwater Fund will be used to pay for the stormwater part of future road projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village General Fund has fund balance of $7,411,290 which is a $758,590 increase from 2024.

Below is a summary of the General Fund's actual revenues and expenditures compared to budgeted amounts.





CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2025, the Village had $83,814,700 invested in capital assets including buildings, parks, vehicles, equipment, and infrastructure. See Note IV C. on page 60 for more detail on capital assets. A summary report of capital assets is as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Intangible Assets	$ 60,015	$ 60,015	$ 60,393	$ 60,393	$ 120,408	$ 120,408
Construction in Progress	-	-	381,522	536,561	381,522	536,561
Land	1,143,695	1,143,695	39,000	4,000	1,182,695	1,147,695
Land Improvements	4,928,577	4,928,577	-	-	4,928,577	4,928,577
Utility Plant in Service	-	-	81,830,297	79,874,783	81,830,297	79,874,783
Buildings	6,592,863	6,592,863	-	-	6,592,863	6,592,863
Machinery & Equipment	6,838,409	7,824,970	3,682,497	3,457,236	10,520,906	11,282,206
Infrastructure	12,244,951	11,981,489	-	-	12,244,951	11,981,489
Total Capital Assets	31,808,510	32,531,609	85,993,709	83,932,973	117,802,219	116,464,582
Less: Accumulated Depreciation	(14,649,393)	(14,882,257)	(19,338,126)	(17,723,295)	(33,987,519)	(32,605,552)
Total Net Capital Assets	$ 17,159,117	$ 17,649,352	$ 66,655,583	$ 66,209,678	$ 83,814,700	$ 83,859,030

Debt

At the end of the year, the Village's outstanding general obligation (GO) debt and Revenue Bonds totaled $28,265,334. See Note IV E. on page 63 for more detail on debt.

Bonded Debt Outstanding 12/31/24	$ 31,598,234
Bonded Debt Issued	-
Bonded Principal Retired	(3,332,900)
Bonded Debt Outstanding 12/31/25	$ 28,265,334
Breakdown of Outstanding Bonded Debt:	
Revenue Bonds	$ 13,555,334
General Obligation Debt	14,710,000
Bonded Debt Outstanding 12/31/25	$ 28,265,334

Management has calculated the net pension expense and asset as required by the Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions,* as well as the expenses and liabilities for other post-employment benefits required by GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Please see Note V A. on page 73 and Note V B. on page 79 for further information on this calculation.

ECONOMIC FACTORS AND DEVELOPMENT PROJECT UPDATES

Somers is a small community located along Interstate 94 (I-94) in southeastern Wisconsin's Kenosha County, between Milwaukee and Chicago. Through fiscal planning practices and policy changes, the Village has seen solid financial performance over the past five fiscal years. The Village has continued to invest heavily in bringing infrastructure to the I-94 Corridor area. These investments have spurred new development along the extended utilities.

A growing number of developers are interested in developing residential housing within the Village. In 2025, the Village approved the Somers Creek subdivision, a 69 single-family home development.

Two Tax Incremental Financing Districts (TIDs) were created in 2015 followed by nine more TIDs in 2018.

The first two TIDs have performed well and are now home to a successful Industrial Park in TID 1 and a thriving commercial center in TID 2 anchored by a Walmart Supercenter and Sam's Club. It is home to a Festival Foods grocery store and a Kwik Trip convenience store, as well as the Somers Market Square Apartments. A new restaurant, Tropical Smoothie, was built on one of the few open parcels in the commercial area.

TID 3 continues to make progress. In the summer of 2022, TID 3 and the Village became home to the "World's Largest Kwik Trip". This site is a 13,250 square foot travel center, with a car wash, outside dining area, dog walking area, and 105 truck parking lot area. In 2022, HSA's Somers Highland Commerce center broke ground. This 918,844 square foot site received occupancy in 2024. In 2021, Becknell Industries and the Village entered into an agreement to create a Class "A" warehousing/industrial building onto approximately 50 acres. The 795,000 square foot building was completed in 2023.

TID 4 is home to the Hawthorn Apartments complex. This project was completed in 2021 and provided an additional 241 units of market rate apartments. The WVRC Emergency Vet Clinic was also completed and occupied in 2021. Somers Creek, a 69-unit single-family home subdivision, was approved and is being built across the street.

TID 5 saw its first development take shape in 2021. The Village entered into a development agreement with SCS Pike Creek, LLC, to bring 338 units of market rate apartments to the Village. The original 88-acre parcel is located at the Northwest corner of STH 31 and CTH L. Approximately 64 acres will be home to the multi-family project, and the remaining acreage will be retained by the original owner for a future commercial project. This project broke ground in 2022 and major improvements were made to CTH L to prepare for the additional traffic. Phase I of the project was completed, and units are fully occupied. Phase II is under construction and expected to be completed in 2026.

ECONOMIC FACTORS AND DEVELOPMENT PROJECT UPDATES (continued)

TID 6 is home to the Pritzker Military Museum & Library, an architectural gem designed by Elmunt Jahn. Built in 2022, the property will include community green space and the world's only Cold War Memorial. The project brought an estimated $14.5 million dollars for sewer and water infrastructure to the Village. Infrastructure work began in 2021 and was substantially completed in 2022, opening over 1,000 acres for potential future development. In 2023, the Pritzker Military Archive Center received occupancy and a "soft opening was held". Along the west side of the property, a Firearms Education and Training Center, was built in 2024.

TID 8 saw its first development in 2025. The Village approved the Somers Gateway Center, a travel plaza at the I-94 Exit onto Highway E. The project extended utilities for approximately 17 additional acres of development by the owner. The travel plaza opened in 2026.

The Paris Intergovernmental Agreement, finalized in 2017, is a historic agreement between the Village of Somers, City of Kenosha, and Town of Paris. The agreement opened 2,000 acres of land for development which is estimated at a potential improved value of $2 billion. In 2021, the Village approved its first attachment of land from the Town of Paris to the Village under said agreement.

The Flint Development consists of two "Class A" warehousing/ industrial buildings. One is approximately 700,000 square feet, the other 500,000. In 2025, IEA relocated a manufacturing facility to Somers, diversifying the Village's tax base. A Kenosha manufacturing company decided to buy the second building, bringing further diversity to the Village' tax base. Additionally, Truck Country of Wisconsin submitted a concept plan within the Growth Area and is scheduled for potential approval in 2026.

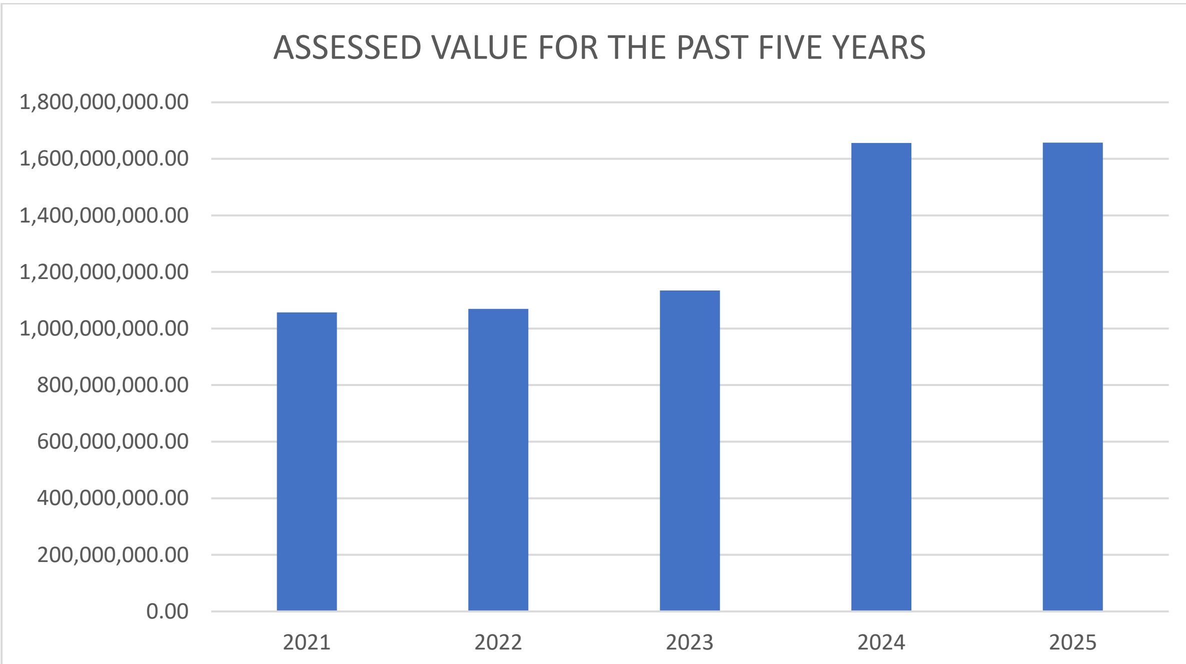
RATING

The Village maintains its S&P Global Rating of 'AA-' rating for taxable general obligation (GO) refunding bonds. The outlook is stable.

Moody's performed an annual review on debt issuances. Moody's affirmed the Village's general obligations rating at A1, and water and sewer funds at A2.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

COMBINED ASSESSED VALUE TRENDS



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and creditors with a comprehensive overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact the Village of Somers at 7511 12th Street, P.O. Box 197, Somers, WI.

Jim Hurley
Village Administrator

VILLAGE OF SOMERS
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 19,682,308	$ 8,328,042	$ 28,010,350
Investments	5,193,008	-	5,193,008
Receivables			
Property taxes	8,928,376	-	8,928,376
Special assessments - current	-	2,271,818	2,271,818
Leases - current	14,931	-	14,931
Other	547,446	1,255,576	1,803,022
Prepaid expenses	33,122	10,935	44,057
Restricted cash and cash equivalents	488,265	161,923	650,188
Restricted investments	354,460	84,153	438,613
Internal balances	(546,502)	546,502	-
Special assessments - noncurrent	631,339	2,962,219	3,593,558
Leases - noncurrent	789,363	-	789,363
Net OPEB asset	-	2,925	2,925
Capital assets			
Land and construction in progress	1,143,693	420,522	1,564,215
Other capital assets, net of depreciation	16,015,424	66,235,061	82,250,485
Total capital assets	17,159,117	66,655,583	83,814,700
Total assets	53,275,233	82,279,676	135,554,909
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	1,502,208	221,199	1,723,407
Related to post-employment benefits	52,239	17,560	69,799
Total deferred outflows of resources	1,554,447	238,759	1,793,206
LIABILITIES			
Accounts payable and accrued expenses	1,015,258	515,322	1,530,580
Due to other governments	7,386	-	7,386
Deposits & trust accounts	289,128	-	289,128
Accrued interest	120,455	52,916	173,371
Unearned revenues	71,623	-	71,623
Long-term liabilities			
Net pension liability	251,475	35,654	287,129
Other post-employment benefits	1,689,938	236,881	1,926,819
Debt due within one year	1,917,313	1,601,672	3,518,985
Debt due in more than one year	26,975,223	10,366,229	37,341,452
Total liabilities	32,337,799	12,808,674	45,146,473
DEFERRED INFLOWS OF RESOURCES			
Related to property tax levy	12,479,818	359,044	12,838,862
Related to leases	359,001	-	359,001
Related to pension	738,511	104,708	843,219
Related to post-employment benefits	217,340	71,862	289,202
Deferred gain on refunding	57,329	-	57,329
Total deferred inflows of resources	13,851,999	535,614	14,387,613
NET POSITION			
Net investment in capital assets	16,492,753	37,148,962	53,641,715
Restricted	1,597,814	-	1,597,814
Unrestricted (deficit)	(9,450,685)	32,025,185	22,574,500
Total net position	$ 8,639,882	$ 69,174,147	$ 77,814,029

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government							
Governmental activities							
General government	$ 1,687,560	$ 910,658	$ 6,200	$ -	$ (770,702)	$ -	$ (770,702)
Public safety	4,803,291	728,632	71,896	-	(4,002,763)	-	(4,002,763)
Public works	1,150,299	22,819	214,740	-	(912,740)	-	(912,740)
Solid waste collection	622,174	-	70,254	-	(551,920)	-	(551,920)
Leisure activities	21,530	9,980	-	-	(11,550)	-	(11,550)
Conservation and development	816,158	817,860	15,376	-	17,078	-	17,078
Interest on long-term debt	610,811	-	-	-	(610,811)	-	(610,811)
Total governmental activities	9,711,823	2,489,949	378,466	-	(6,843,408)	-	(6,843,408)
Business-type activities							
Sewer	3,272,675	3,508,244	10,650	-	-	246,219	246,219
Water	1,570,196	2,056,112	-	-	-	485,916	485,916
Total business-type activities	4,842,871	5,564,356	10,650	-	-	732,135	732,135
Total primary government	$ 14,554,694	$ 8,054,305	$ 389,116	$ -	(6,843,408)	732,135	(6,111,273)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					4,210,109	-	4,210,109
Property taxes, levied for debt service					5,658,051	-	5,658,051
Grants and contributions not restricted to specific programs					803,816	-	803,816
Unrestricted investment earnings					1,286,407	46,002	1,332,409
Miscellaneous					307,950	155,000	462,950
Gain on disposal of assets					45,483	-	45,483
Total general revenues					12,311,816	201,002	12,512,818
Contributions & transfers:							
Capital contributed from developers					-	1,027,654	1,027,654
Other transfers					25,389	(25,389)	-
Total contributions & transfers					25,389	1,002,265	1,027,654
Change in net position					5,493,797	1,935,402	7,429,199
Net position at beginning of year					3,146,085	67,238,745	70,384,830
Total net position at end of year					$ 8,639,882	$ 69,174,147	$ 77,814,029

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	2024 Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 5,376,295	$ 11,921,952	$ 224,603	$ 2,159,458	$ 19,682,308	$ 14,911,328
Investments	1,884,201	2,094,097	758,051	456,659	5,193,008	5,406,909
Receivables						
Property taxes	8,928,376	8,129,098	-	19,842	17,077,316	13,555,811
Ambulance fees	339,200	-	-	-	339,200	366,468
Miscellaneous	162,075	-	-	46,171	208,246	143,393
Due from other funds	3,790,099	-	-	-	3,790,099	1,959,041
Prepaid expenses	33,122	-	-	-	33,122	20,269
Restricted cash	26,563	338,015	-	123,687	488,265	472,107
Restricted investments	-	354,460	-	-	354,460	344,945
Deferred special assessments	-	-	-	631,339	631,339	646,908
TOTAL ASSETS	$ 20,539,931	$ 22,837,622	$ 982,654	$ 3,437,156	$ 47,797,363	$ 37,827,179
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 296,007	$ 4,250	$ 544,578	$ 52,301	$ 897,136	$ 1,123,013
Accrued compensation	118,118	-	-	-	118,118	94,931
Developer deposits	-	-	-	35,000	35,000	25,000
Due to other governments	7,386	-	-	-	7,386	7,386
Special deposits & trust accounts	254,128	-	-	-	254,128	62,887
Due to other funds	8,695,441	-	-	3,790,099	12,485,540	8,186,342
Unearned revenues	38,375	-	-	33,248	71,623	19,606
TOTAL LIABILITIES	9,409,455	4,250	544,578	3,910,648	13,868,931	9,519,165
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax levy	3,719,186	8,129,099	-	-	11,848,285	9,863,975
Special assessments	-	-	-	631,533	631,533	651,375
TOTAL DEFERRED INFLOWS OF RESOURCES	3,719,186	8,129,099	-	631,533	12,479,818	10,515,350
FUND BALANCES						
Nonspendable						
Prepaid items	33,122	-	-	-	33,122	20,269
Restricted						
Tax incremental districts	-	-	-	1,392,676	1,392,676	1,173,112
Drainage fund	-	-	-	147,291	147,291	145,016
Park fund	-	-	-	57,847	57,847	54,943
Debt service	-	14,704,273	-	-	14,704,273	10,934,766
Assigned						
Fourth of July Parade	7,241	-	-	-	7,241	7,241
Capital projects	-	-	438,076	-	438,076	794,434
Developer reimbursement (TIDs)	-	-	-	1,076,258	1,076,258	-
Subsequent year expenditures	1,681,338	-	-	-	1,681,338	1,138,067
Unassigned	5,689,589	-	-	(3,779,097)	1,910,492	3,524,816
TOTAL FUND BALANCES	7,411,290	14,704,273	438,076	(1,105,025)	21,448,614	17,792,664
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 20,539,931	$ 22,837,622	$ 982,654	$ 3,437,156	$ 47,797,363	$ 37,827,179

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2025

Fund balance - total governmental funds	$ 21,448,614
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,159,117
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Leases receivable	804,294
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	1,502,208
Deferred inflows related to pensions	(738,511)
Deferred inflows related to leases	(359,001)
Deferred outflows related to other postemployment benefits	52,239
Deferred inflows related to other postemployment benefits	(217,340)
	239,595
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(28,166,265)
Premium on debt	(438,000)
Compensated absences	(288,276)
Net pension liability	(251,475)
Other postemployment benefit	(1,689,938)
Deferred gain on refunding	(57,329)
Accrued interest on long-term obligations	(120,455)
	(31,011,738)
Net position	$ 8,639,882

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	2024 Total Governmental Funds
REVENUES						
Taxes	$ 4,210,109	$ 5,658,051	$ -	$ -	$ 9,868,160	$ 8,541,496
Intergovernmental revenues	1,120,450	-	15,376	46,456	1,182,282	1,515,406
Charges for services	1,007,047	-	-	579,705	1,586,752	1,168,833
Licenses and permits	669,470	-	-	-	669,470	372,846
Fees and fines	233,726	-	-	-	233,726	189,321
Investment income	548,504	573,572	34,946	129,385	1,286,407	1,531,103
Miscellaneous income	299,262	-	-	-	299,262	577,724
Total Revenues	8,088,568	6,231,623	50,322	755,546	15,126,059	13,896,729
EXPENDITURES						
Current:						
General government	1,552,710	-	-	-	1,552,710	1,489,556
Public safety	4,091,177	-	-	-	4,091,177	3,768,175
Public works	559,256	-	-	-	559,256	545,525
Solid waste collection	622,107	-	-	-	622,107	814,639
Leisure activities	6,902	-	-	-	6,902	10,729
Conservation and development	59,740	-	-	1,287,090	1,346,830	2,452,535
Capital outlay	4,000	-	934,055	-	938,055	1,996,759
Debt service:						
Principal retirement	-	1,745,358	-	-	1,745,358	1,810,032
Interest and other charges	-	630,729	-	2,373	633,102	689,385
Total Expenditures	6,895,892	2,376,087	934,055	1,289,463	11,495,497	13,577,335
Excess (deficiency) of revenues over expenditures	1,192,676	3,855,536	(883,733)	(533,917)	3,630,562	319,394
OTHER FINANCING SOURCES (USES)						
Capital contributions to utility	-	-	-	(734,406)	(734,406)	(91,857)
Transfers from other funds	80,671	4,954	527,375	765,995	1,378,995	2,403,769
Transfers to other funds	(514,757)	(90,983)	-	(13,461)	(619,201)	(870,302)
Total Other Financing Sources (Uses)	(434,086)	(86,029)	527,375	18,128	25,388	1,441,610
Net change in fund balance	758,590	3,769,507	(356,358)	(515,789)	3,655,950	1,761,004
FUND BALANCES - Beginning of Year	6,652,700	10,934,766	794,434	(589,236)	17,792,664	16,031,660
FUND BALANCES - END OF YEAR	$ 7,411,290	$ 14,704,273	$ 438,076	$ (1,105,025)	$ 21,448,614	$ 17,792,664

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$	3,655,950
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset additions reported as capital outlay in governmental fund statements		572,055
Depreciation expense reported in the Statement of Activities		(1,062,290)
		(490,235)
Governmental funds do not report lease revenues and expenditures. Those amounts are recognized at the government-wide level.		9,007
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Amortization of premium on debt issued		45,174
Principal repaid		2,357,005
		2,402,179
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest on long-term debt		22,291
Change in compensated absences		(30,163)
Pension expense		(69,710)
Other postemployment benefits expense		(5,522)
		(83,104)
Change in net position of governmental activities	$	5,493,797

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2025

Description	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 4,174,777	$ 4,205,017	$ 4,210,109	$ 5,092
Intergovernmental revenues	1,075,687	1,114,050	1,120,450	6,400
Charges for services	829,095	1,007,047	1,007,047	-
Licenses and permits	377,501	375,445	669,470	294,025
Fees and fines	175,025	225,718	233,726	8,008
Investment income	401,000	453,504	548,504	95,000
Miscellaneous income	137,600	250,903	299,262	48,359
Total revenues	7,170,685	7,631,684	8,088,568	456,884
Expenditures				
Current:				
General government	1,592,502	1,552,680	1,552,710	(30)
Public safety	4,181,078	4,049,412	4,091,177	(41,765)
Public works	620,818	559,256	559,256	-
Solid waste collection	647,722	622,107	622,107	-
Culture and recreation	14,844	6,902	6,902	-
Planning and development	67,956	59,740	59,740	-
Capital outlay	41,765	41,765	4,000	37,765
Contingency reserve	4,000	4,000	-	4,000
Total expenditures	7,170,685	6,895,862	6,895,892	(30)
Excess (deficiency) of revenues over expenditures	-	735,822	1,192,676	456,854
OTHER FINANCING SOURCES (USES)				
Transfers in	-	80,671	80,671	-
Transfers out	-	(514,757)	(514,757)	-
Total other financing sources and uses	-	(434,086)	(434,086)	-
Net change in fund balance	-	301,736	758,590	456,854
Fund balance - beginning of year	6,652,700	6,652,700	6,652,700	-
Fund balance - end of year	$ 6,652,700	$ 6,954,436	$ 7,411,290	$ 456,854

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activities				
	KR Utility District	Utility District #1	Somers Water	Storm Water Utility (Non-major)	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 649,204	$ 6,096,226	$ 542,867	$ 1,039,745	$ 8,328,042
Accounts receivable	15,663	570,068	419,499	1,790	1,007,020
Tax levy receivable from General Fund	11,449	109,109	66,900	359,044	546,502
Other receivables	-	200,402	48,154	-	248,556
Special assessments - current	-	1,480,729	791,089	-	2,271,818
Due from other funds	29,342	-	-	-	29,342
Prepaid expenses	807	6,067	4,061	-	10,935
Restricted cash	-	86,352	75,571	-	161,923
Restricted investments	-	65,346	18,807	-	84,153
Total current assets	706,465	8,614,299	1,966,948	1,400,579	12,688,291
Noncurrent assets					
Capital Assets:					
Land	-	-	39,000	-	39,000
Utility plant in service	7,138,767	41,012,103	33,077,886	601,541	81,830,297
Machinery and equipment	-	2,362,526	1,319,971	-	3,682,497
Construction in progress	-	32,732	348,790	-	381,522
Intangible assets	-	37,026	23,366	-	60,392
Accumulated depreciation	(1,422,842)	(12,204,101)	(5,693,364)	(17,818)	(19,338,125)
Non-Capital Assets:					
Due from other funds - noncurrent	206,792	-	-	-	206,792
Special assessments - noncurrent	-	1,767,070	946,532	-	2,713,602
Deferred special assessments	30,984	147,927	69,706	-	248,617
Net OPEB asset	-	-	-	2,925	2,925
Total noncurrent assets	5,953,701	33,155,283	30,131,887	586,648	69,827,519
Total Assets	6,660,166	41,769,582	32,098,835	1,987,227	82,515,810
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows - pension	15,158	131,953	67,584	6,504	221,199
Deferred outflows - post-employment benefits	1,073	10,385	5,362	740	17,560
Total deferred outflows of resources	16,231	142,338	72,946	7,244	238,759
Total Assets and Deferred Outflows of Resources	$ 6,676,397	$ 41,911,920	$ 32,171,781	$ 1,994,471	$ 82,754,569

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activities				
	KR Utility District	Utility District #1	Somers Water	Storm Water Utility (Non-major)	Total
LIABILITIES					
Current liabilities					
Accounts payable	$ 38,030	$ 269,934	$ 132,597	$ 54,987	$ 495,548
Wages payable	1,211	11,602	6,057	904	19,774
Due to other funds - current	-	-	29,342	-	29,342
Accrued interest	-	36,405	16,511	-	52,916
Current portion of long-term debt payable	630	1,041,352	559,264	426	1,601,672
Total current liabilities	39,871	1,359,293	743,771	56,317	2,199,252
Noncurrent liabilities					
Due to other funds - noncurrent	-	-	206,792	-	206,792
Net pension liability	2,397	21,260	10,874	1,123	35,654
Other post-employment benefits	32,842	108,674	95,365	-	236,881
General obligation debt payable	3,073	6,088,540	4,272,537	2,079	10,366,229
Total noncurrent liabilities	38,312	6,218,474	4,585,568	3,202	10,845,556
Total Liabilities	78,183	7,577,767	5,329,339	59,519	13,044,808
DEFERRED INFLOWS OF RESOURCES					
Deferred tax levy	-	-	-	359,044	359,044
Deferred inflows - pension	7,039	62,436	31,934	3,299	104,708
Deferred inflows - post-employment benefits	4,382	42,504	21,909	3,067	71,862
Total deferred inflows of resources	11,421	104,940	53,843	365,410	535,614
Total liabilities and deferred inflows of resources	89,604	7,682,707	5,383,182	424,929	13,580,422
NET POSITION					
Net investment in capital assets	419,995	21,152,110	14,993,134	583,723	37,148,962
Unrestricted	6,166,798	13,077,103	11,795,465	985,819	32,025,185
Total Net Position	$ 6,586,793	$ 34,229,213	$ 26,788,599	$ 1,569,542	$ 69,174,147

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-Type Activities				
	KR Utility District	Utility District #1	Somers Water	Storm Water Utility (Non-major)	Total
OPERATING REVENUES					
Charges for services	$ 227,747	$ 2,945,452	$ 2,045,517	$ 334,670	$ 5,553,386
Miscellaneous operating revenue	-	375	10,595	-	10,970
Total operating revenues	227,747	2,945,827	2,056,112	334,670	5,564,356
OPERATING EXPENSES					
Personnel	47,453	448,177	246,550	34,207	776,387
Materials and supplies	1,120	37,447	497,400	104,240	640,207
Contractual and other services	164,533	1,224,154	98,149	8,992	1,495,828
Miscellaneous operating expenses	-	3,938	936	-	4,874
Depreciation	142,775	874,086	622,564	12,031	1,651,456
Total operating expense	355,881	2,587,802	1,465,599	159,470	4,568,752
Operating income (loss)	(128,134)	358,025	590,513	175,200	995,604
NON-OPERATING REVENUES (EXPENSES)					
Investment income	11,398	7,668	26,936	-	46,002
Interest and fiscal charges	-	(169,169)	(104,441)	-	(273,610)
Special assessments	-	44,942	-	-	44,942
Miscellaneous revenue	1,101	19,702	29,055	-	49,858
Operating grants and contributions	-	-	-	10,650	10,650
Miscellaneous expenses	-	(353)	(156)	-	(509)
Total non-operating revenue (expenses)	12,499	(97,210)	(48,606)	10,650	(122,667)
Income (loss) before capital contributions and transfers	(115,635)	260,815	541,907	185,850	872,937
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Connection fees	-	60,200	-	-	60,200
Capital contributions	-	661,503	366,151	-	1,027,654
Transfers to other funds	-	(478,199)	(287,796)	-	(765,995)
Transfers from other funds	-	599,066	141,540	-	740,606
Total contributions and transfers	-	842,570	219,895	-	1,062,465
Change in net position	(115,635)	1,103,385	761,802	185,850	1,935,402
Net position - Beginning of year	6,702,428	33,125,828	26,026,797	1,383,692	67,238,745
Total net position at end of year	$ 6,586,793	$ 34,229,213	$ 26,788,599	$ 1,569,542	$ 69,174,147

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-type Activities				
	KR Utility District	Utility District #1	Somers Water	Storm Water District (Non-major)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 229,007	$ 3,027,706	$ 2,066,030	$ 332,879	$ 5,655,622
Paid to suppliers for goods and services	(179,347)	(1,501,722)	(600,945)	(77,688)	(2,359,702)
Paid to employees	(34,089)	(113,011)	(169,519)	(23,665)	(340,284)
Cash Flows from Operating Activities	15,571	1,412,973	1,295,566	231,526	2,955,636
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund loans payments received (paid)	29,292	-	(34,469)	-	(5,177)
Transfers out	-	(367,418)	(287,796)	-	(655,214)
Miscellaneous income/(expense)	1,101	-	21,505	10,650	33,256
Cash Flows from Noncapital Financing Activities	30,393	(367,418)	(300,760)	10,650	(627,135)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	-	(1,029,776)	(557,764)	-	(1,587,540)
Interest paid	-	(169,024)	(106,942)	-	(275,966)
Special assessments	-	384,491	241,888	-	626,379
Capital transfers	-	428,069	141,540	-	569,609
Connection fees received	-	60,200	-	-	60,200
Acquisition and construction of capital assets	-	(517,720)	(195,935)	(337,080)	(1,050,735)
Cash Flows from Capital and Financing Activities	-	(843,760)	(477,213)	(337,080)	(1,658,053)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	11,398	5,443	12,809	-	29,650
Cash Flows from Investing Activities	11,398	5,443	12,809	-	29,650
Net Change in Cash and Cash Equivalents	57,362	207,238	530,402	(94,904)	700,098
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	591,842	5,975,340	88,036	1,134,649	7,789,867
Cash, Cash Equivalents, and Restricted Cash - End of Year	$ 649,204	$ 6,182,578	$ 618,438	$ 1,039,745	$ 8,489,965

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-type Activities				
	KR Utility District	Utility District #1	Somers Water	Storm Water District (Non-major)	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ (128,134)	$ 358,025	$ 590,513	$ 175,200	$ 995,604
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation expense	142,775	874,086	622,564	12,031	1,651,456
Change in pension related assets, liabilities, and deferred outflows and deferred inflows	-	-	-	802	802
Miscellaneous Revenue/Expense	-	(353)	(156)	-	(509)
Change in Other Post Employment Benefits	(139)	(3,743)	(178)	-	(4,060)
Changes in assets and liabilities:					
Accounts receivable	1,260	81,879	9,918	(26,165)	66,892
Prepaid items	(258)	(1,991)	(1,343)	-	(3,592)
Accounts payable and accrued expenses	67	105,070	74,248	69,658	249,043
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 15,571	$ 1,412,973	$ 1,295,566	$ 231,526	$ 2,955,636
NON-CASH INVESTING AND FINANCING ACTIVITIES:					
Assets contributed by developers	$ -	$ 661,503	$ 366,151	$ -	$ 1,027,654
Assets contributed by other funds	$ -	$ 60,215	$ -	$ -	$ 60,215

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
December 31, 2025

ASSETS	
Cash and cash equivalents	$ 3,487,998
Taxes receivable	8,794,684
Total Assets	$ 12,282,682
LIABILITIES	
Due to other governments	$ 12,282,682
Total Liabilities	$ 12,282,682

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
For the Year Ended December 31, 2025

	Custodial Tax Collection Fund
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	$ 12,286,161
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	(12,286,161)
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	$ -

See accompanying notes to the financial statements.

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NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Somers, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

The Town of Somers was formed in 1843. In January, 2015, the Wisconsin Department of Administration approved the Incorporation application for a portion of the Town to become a Village. The Incorporation Referendum was approved by the voters and Wisconsin issued the Incorporation Certificate on April 24, 2015. This marked the beginning of the Village of Somers which coexists with the Town of Somers. On January 1, 2016, the incorporated Village portion began operations. A remnant of the Town of Somers remains. Please see Note V E. - *Intergovernmental Agreement Between Town of Somers and Village of Somers* for more detail. The scope of this audit report specifically covers the Village of Somers. For purposes of clarity in the notes, when the report refers to prior years' information, the term "Village" will be used in place of "Town".

The Village Board is composed of seven Trustees which includes a President who is elected as provided by 61.20(1), Wisconsin Statutes. Each of the Board members are elected to a two-year staggered term. The Village provides the following services: public safety, public works, public health and welfare, culture, recreation, planning and development, sewerage treatment and waterworks.

A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents, (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to or has the ability to otherwise access are significant to that primary government. This report does not contain any component units.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently does have amounts that qualify for reporting in this category which are the amounts related to pension benefits and other post-employment benefits and the difference between the amount paid to the fund and the actuarially determined value.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has various types of inflows that qualify for reporting in this category: property taxes, deferred leases receivable, deferred gain on debt refunding, other post-employment benefits, and pension liability. These amounts will be recognized as an inflow of resources in the subsequent years.

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. Indirect expenses are allocated based on management estimates of employees’ time spent across the Village’s various functions. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

The Village reports the following major governmental funds:

Major Governmental Funds

- General Fund – accounts for the Village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise debt. This includes the debt for the Village's Tax Incremental Districts.
- Capital Projects Fund – accounts for the Village's ongoing capital projects.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

The Village reports the following major enterprise funds:

Major Enterprise Funds

- Utility District #1 – accounts for the sewer operations of the Village.
- Somers Water Utility – accounts for water operations of the Village.
- KR Utility District – accounts for the sewer operations of the Village.

The Village reports the following non-major governmental and enterprise funds:

Non-Major Governmental Funds

- Capital Projects Funds (TIDs 1-11) - account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds accounts for resources legally restricted to supporting expenditures for capital projects. These funds account for all activity related to tax increment financing districts in Somers.
- Special Revenue Funds – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds are:
  - Park Improvement
  - Drainage
  - American Rescue Plan Act

Non-Major Enterprise Funds

- Stormwater Utility Fund – accounts for the stormwater operations of the Village.

The Village reports the following fiduciary funds:

- Custodial Fund – The Village reports the funds that it holds for other governments related to the tax levy and collection in a custodial fund.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Fund Financial Statements

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

The revenues susceptible to accrual are ambulance services, franchise fees, and other fees for service. All other Governmental Fund type revenues are recognized when received.

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in the future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held for collection by the Village are reported as receivables and nonspendable fund balance in the General Fund.

Licenses and permits, fines, forfeitures and penalties, public charges for services and commercial revenues (except investment earnings), are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and mobile home fees are recorded as earned since they are measurable and available.

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

The Village's Tax Incremental Financing Districts were created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. That tax on the increased value is called a tax increment. Project costs may not be incurred longer than 5 years prior to the termination date of the district. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or maximum life based on the resolution date and type of District, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the municipality.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

TID #1 was created in 2015 as an industrial district, with estimated projects costing $12.6 million expected to increase the base value of the District of $476,300 by between $75-150 million over the span of the project. The current valuation of the District is $124.3 million, and project costs to date amount to $9.4 million as of December 31, 2025.

TID #2 was created in 2015 as a mixed-use district, with estimated projects costing $9.5 million expected to increase the base value of the District of $5,810,800 by approximately $57.5 million over the span of the project. The current valuation of the District is $149.3 million, and project costs to date amount to $7.32 million as of December 31, 2025.

TID #3 was created in 2018 as a mixed-use district, with estimated projects costing $26.1 million expected to increase the base value of the District of $1,779,800 by approximately $129.1 million over the span of the project. The current valuation of the District is $161.7 million, and project costs to date amount to $4.92 million as of December 31, 2025.

TID #4 was created in 2018 as a mixed-use district, with estimated projects costing $8.2 million expected to increase the base value of the District of $1,767,500 by approximately $61.1 million over the span of the project. The current valuation of the District is $61.8 million, and project costs to date amount to $1.46 million as of December 31, 2025.

TID #5 was created in 2018 as a mixed-use district, with estimated projects costing $14.5 million expected to increase the base value of the District of $1,148,400 by approximately $85.9 million over the span of the project. The current valuation of the District is $24.9 million, and project costs to date amount to $678,000 as of December 31, 2025.

TID #6 was created in 2018 as a mixed-use district, with estimated projects costing $22.1 million expected to increase the base value of the District of $2,894,000 by approximately $68.3 million over the span of the project. The current valuation of the District is $23 million, and project costs to date amount to $8.88 million as of December 31, 2025.

TID #7 was created in 2018 as a mixed-use district, with estimated projects costing $69.5 million expected to increase the base value of the District of $8,364,800 by approximately $296.3 million over the span of the project. The current valuation of the District is $15.6 million, and project costs to date amount to $55,000 as of December 31, 2025.

TID #8 was created in 2018 as a mixed-use district, with estimated projects costing $11.1 million expected to increase the base value of the District of $362,100 by approximately $49.4 million over the span of the project. The current valuation of the District is $522,600, and project costs to date amount to $3.14 million as of December 31, 2025.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

TID #9 was created in 2018 as a mixed-use district, with estimated projects costing $1.2 million expected to increase the base value of the District of $2,081,700 by approximately $7.7 million over the span of the project. The current valuation of the District is $4.4 million, and project costs to date amount to $21,000 as of December 31, 2025.

TID #10 was created in 2018 as a mixed-use district, with estimated projects costing $1.9 million expected to increase the base value of the District of $3,219,200 by approximately $6.5 million over the span of the project. TID #10 has been terminated, and the final audit was completed in 2025.

TID #11 was created in 2018 as a mixed-use district, with estimated projects costing $8.3 million expected to increase the base value of the District of $195,100 by approximately $27 million over the span of the project. The current valuation of the District is $374,900, and project costs to date amount to $24,000 as of December 31, 2025.

The Proprietary and Fiduciary Fund types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned or able to be calculated, including unbilled water and sewer services which are accrued. Expenses are recorded at the time liabilities are incurred.

The proprietary funds have elected to follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Wisconsin Statutes restrict the investments of the Village to:

- Time deposits in financial institutions
- Securities issued or guaranteed by the Federal government
- Municipal obligations of Wisconsin entities
- State of Wisconsin Local Government Pooled Investment Fund
- Repurchase agreements which are secured by securities issued or guaranteed by the Federal government
- Securities maturing in seven years or less and having the highest or second highest rating category of nationally recognized rating agency
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to specified securities

No significant violations of these restrictions occurred during the year.

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

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

See Note IV A. for further information.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

2. Receivables

Wisconsin cities, villages, and towns are charged with the responsibility of assessing taxable property, collecting taxes, and making distributions to counties, school districts and other public bodies, including sanitary districts. All assessments are made as of January 1st.

Taxes on real and personal property are levied in December of each year by the Village of Somers in the amounts that when collected in the ensuing year, along with revenues, are sufficient to cover operating expenses, debt service, and other expenditures of the Village. The Village's taxpayers have two options for the payment of their real estate taxes. One option is to pay the total amount of taxes due by January 31st. The other option is to utilize an installment plan whereby one-half of real estate taxes plus total special assessments must be paid by January 31st. The second and final payment must be made not later than July 31st. Taxes unpaid by July 31st become delinquent and are turned over to the county for collection. Personal property taxes are due on or before January 31st.

Initially, all taxes are collected by city, village, and town treasurers who then make settlements with counties, school districts, and other public bodies including sanitary districts. Kenosha County settles with the Village for all real estate taxes due and payable by January 31st. The Village receives a portion of their real estate levy in February, except for the amount of taxes that have been postponed for payment in July. These postponed taxes are paid to Kenosha County no later than July 31st and the Village receives these funds in August.

The Village has the right under the Wisconsin Statutes to place delinquent water and sewer bills on the tax rolls for collection. No allowance for uncollectible accounts is considered necessary at year end.

Property tax calendar - 2025 tax roll:

Lien date and levy date	December 2025
Tax bills mailed	December 2025
Payment in Full, or First installment due	January 31, 2026
Second installment due	July 31, 2026
Personal property taxes in full	January 31, 2026
Tax settlement with Village:	
First settlement	January 15, 2026
Second settlement	February 20, 2026
Final settlement	August 15, 2026

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

2. Receivables (continued)

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

3. Inventories and Prepaid Items

Inventories are generally used for construction and the operation and maintenance work and not for resale. They are valued at lower of cost or market based on average prices and charged to construction, operation, and maintenance expense when used.

Prepaid balances are for the payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve to prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

4. Restricted Assets

The General Fund has restricted assets in the amount of $26,563 on December 31, 2025. These funds are to be used for costs that arise after the land has been developed at Somers Market.

Special Revenue Funds were established to account for impact fees, as required by state statutes, in order to provide funds which may be necessary to pay for capital costs that are required to accommodate land development. At year end, the restricted cash amount in the Drainage Fund was $54,332.

Another Special Revenue Fund, the Park Fund, was established by contract between the Village and developers to accumulate impact fees necessary to pay for engineering, construction, and legal fees incurred during land development. At year end, restricted cash of $69,355 was held in the Park Fund.

As a requirement of the Village’s Bonds, total restricted cash and investments for bond reserves of $786,625 was allocated out of the General Fund for debt service. Of this amount, $128,601 is allocated to debt service for Tax Incremental District #1, $280,287 is allocated to debt service for Tax Incremental District #2, $96,686 is allocated to Tax Incremental District #3, $118,948 is allocated to the KR Sewer Fund, $86,352 is allocated to the Utility District #1, and $75,571 is allocated to the Somers Water Fund.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

5. Capital Assets

Government-Wide Financial Statements

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 more than $5,000 for general capital assets and infrastructure assets, and an estimated useful life based on the asset type. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable based on the records of the Village. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Depreciation of all exhaustible fixed 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 is as follows:

Buildings	50-100	Years
Land Improvements	20	Years
Machinery and Equipment	5-40	Years
Infrastructure	15-50	Years

Fund Financial Statements

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

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

7. Compensated Absences

Under terms of employment, employees are granted sick leave/casual days and vacation days in varying amounts. Seventy-five percent of all unused accumulated sick leave/casual days will be paid to the employee upon termination of employment with the Village, up to a maximum of 90 days and/or 720 hours. No more than 90 days of sick leave/casual days may be accumulated. Vacation days can be carried over into the next year and must be used within the first quarter of the following year. For employees represented under a contract, vacation benefits are subject to the terms of the Collective Bargaining Agreement.

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

Accumulated liabilities at December 31, 2025 are determined on the basis of current salary rates and salary-related payments.

8. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable as well as other postemployment benefits and vested vacation and sick days.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources. The payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet.

The Village does not engage in conduit debt transactions.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

9. Leases

The Village is lessor for various space and equipment.

The Village determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the Village's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Village recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Village has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

10. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured.

Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. See Note V D. on commitments and contingencies.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)

11. Equity Classifications

Government-Wide Financial Statements

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

a. Net investment in capital assets – includes the Village's capital assets (net of accumulated depreciation) reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – includes assets that have third party (statutory, bond covenant, or granting agency) limitations on their use. The Village typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

c. Unrestricted net position – typically includes unrestricted liquid assets. The Village has the authority to revisit or alter this designation.

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB 54 requires the fund balance amounts to be reported in the following categories:

a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally or contractually required to be maintained intact.

b. Restricted – Amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation.

c. Committed – Amounts that can be used only for the specific purpose determined by a formal action or resolution of the Board of Trustees (the Village's highest level of decision-making authority).

d. Assigned – Amounts that are intended to be used for a particular purpose expressed by the Board or other authorized committee or individual.

e. Unassigned – All amounts not included in other spendable classifications.

The Village's policy is to use fund balances in the following order: restricted, committed, assigned, and unassigned. The Village has adopted a policy requiring the General Fund to have at least 17% of its operating expenditures in reserve. The Village met this policy during the year. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities." All liabilities, both current and long-term, are reported in the Statement of Net Position.

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental* funds and *changes in net position of governmental* activities as reported in the government-wide Statement of Activities.

One element of that reconciliation states that "bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position." Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. This is the amount by which repayments exceeded debt issued.

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital projects funds and comparisons of actual to budget for the general fund is presented in the general-purpose financial statements. Budgetary comparisons are not required for proprietary funds.

The budgeted amounts presented include any amendments made. Board approvals are required to transfer budgeted amounts within departments, between departments, or changes to the overall budget.

Appropriations lapse at year-end unless specifically carried over.

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village controls expenditures at the appropriation unit level. The detail of those items can be found in the Village's year end budget to actual report. In 2025, the General Fund had total expenditures in excess of budget amounting to $30. Within the General Fund, the Village had the following appropriations over budget:

Appropriation	Amount Over Budget	Reason
General government	$ 30	Additional municipal services required
Public safety	41,765	Due to capital outlays for public safety

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The following funds have deficit fund balances as of December 31, 2025:

Fund	Deficit Balance	Reason
Tax Incremental District #2	$ 16,052	Tax Incremental District deficits are anticipated to be funded with future incremental taxes levied over the life of the district. The capital projects fund is anticipated to be supported by future transfers and/or debt issuances.
Tax Incremental District #3	421,807	
Tax Incremental District #4	1,262,404	
Tax Incremental District #5	317,922	
Tax Incremental District #7	28,799	
Tax Incremental District #8	610,945	
Tax Incremental District #9	20,755	
Tax Incremental District #11	24,155	

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2025 and 2024 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Village's January 1 equalized value as a result of net new construction. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations. The Village is in compliance with the limitation.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash and cash equivalent balances as disclosed on the accompanying financial statements are comprised of the following:

	Unrestricted	Restricted	Total
Petty cash	$ 1,340	$ -	$ 1,340
Demand deposits			
Interest bearing	18,717,672	492,539	19,210,211
Non-interest bearing	-	-	-
Other cash	9,291,338	157,649	9,448,987
Fiduciary			
Tax deposits	-	3,487,998	3,487,998
Total cash and cash equivalents	$ 28,010,350	$ 4,138,186	$ 32,148,536

Per statement of net position - cash and cash equivalents	$ 28,010,350
Per statement of net position - restricted cash and cash equivalents	650,188
Per statement of fiduciary net position - cash and cash equivalents	3,487,998
	$ 32,148,536

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

Wisconsin Local Government Investment Pool (LGIP)

The Village has investments in LGIP of $9,448,986 at year end. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Deposits in the local government investment pool (LGIP) are pooled along with the deposits of all of the LGIP participants. The balance in the LGIP represents a pro-rated share of the total investments in the LGIP portfolio, meaning that the LGIP balance is insured to the same extent that the entire LGIP portfolio is insured. As of December 31, 2025, 97.00% was invested in various US Government investments which are backed by the federal government and not insured; and 3.00% was invested in various certificates of deposits and banker's acceptance notes which are guaranteed by the state deposit guarantee fund up to their insurance limitations.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

The Village maintains cash deposits within the LGIP. The deposit and investment balances of the various fund types on December 31, 2025 were as follows:

Local Government Investment Pool		
General Fund	$	9,303,309
Park Fund		69,355
Drainage		54,332
Utility District #1		7,399
Water Fund		14,591
	$	9,448,986

The Village has a formally adopted a deposit and investment policy which follows the requirements of the Wisconsin State statutes, and requires certificates of deposit in excess of FDIC limits to be collateralized at 102% of principal and accrued interest and allows for the Village to request collateral for other deposits at any financial institution in excess of FDIC limits.

<u>Deposits – Custodial Credit Risk</u>
Custodial credit risk is the risk that in the event of the failure of the custodian holding the Village's deposits, the deposits may not be returned.

At December 31, 2025, the reported amount of the Village's deposits, including LGIP, was $32,147,196 and the bank balance, including LGIP, was $31,221,611. Of this balance, $10,753,788 was not covered by federal depository insurance, collateralized securities, or by the Wisconsin insurance program. $8,765,517 of the uninsured balance is held in LGIP accounts backed by the full faith and credit of the federal government. In addition, the Village maintained petty cash funds in the amount of $1,340. The Village does not have a policy related to credit risk and believes it is not exposed to any major risk of loss in relation to its deposits.

<u>Investments</u>
As of December 31, 2025, the Village held $5,631,621 in investments (including $438,613 of restricted investments). All investments are reported at fair value. Investments with an original maturity greater than three months and remaining maturities less than one year are classified as short-term investments. Securities and similar investments that can be converted to cash are classified as current investments. The LGIP investments that can be converted to cash are considered cash and cash equivalents.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Generally accepted accounting principles (GAAP) define the term fair value, establishes a framework for measuring it within generally accepted accounting principles, and expands disclosures about its measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Village has categorized its financial instruments based on the priority of the inputs to the valuation techniques, into a three-level value hierarchy. GAAP establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. All assets have been valued using a market approach. The three levels of inputs are as follows:

Level 1 Fair Value Measurements
Fair Values are based on quoted prices (unadjusted) in active markets for identical assets that the Village has the ability to access at the measurement date (e.g. prices derived from NYSE, NASDAQ, or Chicago Board of Trade).

Level 2 Fair Value Measurement
Fair Values are based on inputs other than quoted price included in Level 1 that are observable for valuing the asset or liability, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted price for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Fair Value Measurements
Fair Values are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Unobservable inputs are those that reflect the Village's own assumptions about the assumptions that market participant would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

The Village's investments are reported as follows in the fair value hierarchy:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Fixed Income Securities	$ 5,105,793	$ 5,105,793	$ -	$ -
Certificates of Deposit	525,828	-	525,828	-
Total	$ 5,631,621	$ 5,105,793	$ 525,828	$ -

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk
As a means of limiting exposure to losses arising from changes in market interest rates, the Village structures the portfolio so that they mature to meet ongoing operation requirements, thereby avoiding the need to sell prior to maturity. Investment maturities were as follows for the year ended December 31, 2025:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
U.S. Government Fixed Income Securities	$ 5,105,793	$ 5,105,793	$ -	$ -	$ -
Certificates of Deposit	525,828	525,828	-	-	-
	$ 5,631,621	$ 5,631,621	$ -	$ -	$ -

Credit Risk
The Village has deposits in the Local Government Investment Pool which is not rated. The remainder of the Village's investments consists of federal government securities, certificates of deposit (which are FDIC insured), and money market funds which are invested in US Treasuries.

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in an event of failure of the financial institution (e.g. broker-dealer), a government will not be able to cover the value of investments. With respect to investments held, securities in accounts are protected in accordance with the Securities Investor Protection Act of 1970 up to $500,000, including cash claims limited to $250,000. As of December 31, 2025, all of the Village's security investments were in securities backed by the full faith and credit of the U.S. government.

B. RECEIVABLES

Accounts Receivable

In the governmental funds, fire and ambulance revenues, and general government services revenue of the Village are reported net of uncollectible amounts. Gross governmental receivables related to these revenues were $1,400,804. Total uncollectible amounts related to these receivables were $1,061,604, resulting net collectible receivables of $339,200 at year-end. Business type revenues from water and sewer services provided are also reported net of uncollectible amounts. The Village estimates that the receivable balance of $1,007,020 is fully collectible, and no allowance for uncollectible amounts has been reported.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Special Assessments

In the governmental funds, the Village reported $631,339 for non-current special assessments receivable. In the proprietary funds, deferred special assessments of $248,617 are recorded net of the uncollectible amount of $220,362.

In 2022, the Village assessed the cost of certain water and sewer improvements within the TIDs to the benefitting properties. Assessments totaled $9,123,998, were recognized in the Water and Sewer Funds in 2022 and are to be collected in equal installments over the 10-year period following the assessment. The Village believes the outstanding balance of $4,985,420 is fully collectible and has not recorded an allowance for uncollectible amounts. Of the amounts assessed, $2,271,818 is due to be collected within one year.

Leases

The Village leased a tower and farm land under long-term lease agreements. The terms of these lease agreements are detailed in Note IV.G. The Village's incremental borrowing rate of 2.73% has been used to calculate interest on the cell tower and 2.31% on the farm land leases receivable.

No allowance for uncollectible leases has been recorded, as the payments are considered to be fully collectible. Future lease payments are to be received as follows:

Year Ending	Principal	Interest	Total
12/31/2026	$ 14,931	$ 21,926	$ 36,857
12/31/2027	8,627	21,550	30,177
12/31/2028	9,768	21,314	31,082
12/31/2029	10,967	21,047	32,014
12/31/2030	12,227	20,748	32,975
2031-2035	82,335	97,984	180,319
2036-2040	124,487	84,551	209,038
2041-2045	177,540	64,793	242,333
2046-2050	243,832	37,098	280,930
2051-2055	119,580	4,943	124,523
Total	$ 804,294	$ 395,954	$ 1,200,248

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

The valuation of the Village's fixed assets of the governmental funds is based on historical costs and an inventory done by the staff. The additions column represents the new assets in 2025. The deletions column represents the assets that were discarded in 2025. Capital asset valuation for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated:				
Land	$ 1,143,695	$ -	$ -	$ 1,143,695
Land Improvements	4,106,310	79,621	(79,621)	4,106,310
Total Capital Assets not being depreciated	5,250,005	79,621	(79,621)	5,250,005
Other Capital Assets:				
Land Improvements	822,267	-	-	822,267
Buildings	6,592,863	-	-	6,592,863
Machinery & Equipment	7,824,970	69,729	(1,056,290)	6,838,409
Intangible Assets	60,015	-	-	60,015
Infrastructure	11,981,489	502,326	(238,864)	12,244,951
Total Other Capital Assets at Historical Cost	27,281,604	572,055	(1,295,154)	26,558,505
Less: Accumulated Depreciation	(14,882,257)	(1,062,290)	1,295,154	(14,649,393)
Net Total Other Capital Assets	12,399,347	(490,235)	-	11,909,112
Net Total Government Activities Capital Assets	$ 17,649,352	$ (410,614)	$ (79,621)	$ 17,159,117

Add: Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds	$ 17,598,101
Less debt related to capital assets	(18,264,465)
Net investment in capital assets for government-wide statements	$ 16,492,753

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	$ 100,676
Public Safety	438,780
Public Works	512,419
Leisure Activities	10,415
Total Governmental Activities - Depreciation Expense	$ 1,062,290

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets not being depreciated:				
Land	$ 4,000	$ 35,000	$ -	$ 39,000
Intangible Assets	21,660	-	-	21,660
Construction in Progress	536,559	880,735	(1,035,772)	381,522
Total Capital Assets not being depreciated	562,219	915,735	(1,035,772)	442,182
Other Capital Assets:				
Utility Plant in Service	79,874,785	1,955,512	-	81,830,297
Machinery & Equipment	3,457,236	261,886	(36,625)	3,682,497
Intangible Asset - Software	38,733	-	-	38,733
Total Other Capital Assets at Historical Cost	83,370,754	2,217,398	(36,625)	85,551,527
Less: Accumulated Depreciation	(17,723,295)	(1,651,456)	36,625	(19,338,126)
Net Total Other Capital Assets	65,647,459	565,942	-	66,213,401
Net Total Business-Type Activities Capital Assets	$ 66,209,678	$ 1,481,677	$ (1,035,772)	$ 66,655,583

Less: Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds	$ (17,598,101)
Less debt related to capital assets	(11,908,520)
Net investment in capital assets for government-wide statements	$ 37,148,962

Depreciation expense was charged to functions as follows:

Business - Type Activities	
Utility District #1	$ 874,086
Somers Water Utility	622,564
KR Utility District	142,775
Storm Water District	12,031
Total Business - Type Activities Depreciation Expense	$ 1,651,456

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The interfund balances shown below reflect a long-term loan formalized between the funds due to major projects completed in prior years not funded by external debt. The Water Fund borrowed $584,372 from the KR Utility District with an interest rate of 0.17% to be repaid over 20 years with a maturity date of 2033. As of December 31, 2025, the balance is $236,134.

For Year Ending December 31,	Principal	Interest
2026	$ 29,342	$ 401
2027	29,391	352
2028	29,441	302
2029	29,491	252
2030	29,542	201
2031-2033	88,926	303
	$236,134	$ 1,810

The following is a schedule of interfund receivables and payables other than the loan noted above.

	Amount due from (to) other funds		
Fund	Inter-fund Cash	Inter-fund Taxes	Total
General Fund	$ 3,790,099	$ (8,695,441)	$ (4,905,342)
Debt Service	-	8,129,098	8,129,098
TID #1	-	19,842	19,842
TID #3	(1,497,366)	-	(1,497,366)
TID #4	(1,257,068)	-	(1,257,068)
TID #5	(343,280)	-	(343,280)
TID #7	(28,799)	-	(28,799)
TID #8	(618,676)	-	(618,676)
TID #9	(20,755)	-	(20,755)
TID #11	(24,155)	-	(24,155)
Water Utility	-	66,900	66,900
KR Utility Dist.	-	11,449	11,449
Utility Dist. #1	-	109,109	109,109
Storm Water Utility	-	359,043	359,043
	$ -	$ -	$ -

All of these balances will be repaid within the year.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. For the Statement of Net Position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Amounts owed between governmental and business-type activities are shown as “internal balances” on the Statement of Net Position.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following are transfers for 2025:

Fund	In	Out	Reason
General Fund	$ -	$ (514,757)	Fund capital projects
General Fund	80,671	-	Close TID 10
Capital Projects Fund	527,375	-	Fund capital improvements
Debt Service Fund	-	(7,665)	TID #2 Debt Service Payments
ARPA Fund	-	(6,200)	Fund capital improvements
TID #1	43,567	-	Fund TID development
TID #2	-	-	TID #2 Debt Service Payments
TID #3	147,872	-	Fund TID development
TID #6	480,864	-	Fund TID development
TID #8	88,738	(734,405)	Fund TID development
TID #10	-	(80,671)	Close TID 10
Utility District #1	599,066	(478,199)	Fund TID development
Water Fund	141,540	(287,796)	Fund TID development

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Adjustment	Ending Balance	Amounts Due Within One Year
Governmental Activities						
Bonds and Notes Payable:						
General Obligation Bond	$ 6,396,930	$ -	$ 880,358	$ -	$ 5,516,572	$ 890,141
General Obligation Corporate Purpose	6,745,000	-	520,000	-	6,225,000	570,000
Revenue Bonds	5,130,000	-	345,000	-	4,785,000	345,000
Promissory Note	1,011,617	-	-	-	1,011,617	-
Add/(Subtract) Deferred Amounts For:						
(Discounts)/Premiums	483,174	-	45,174	-	438,000	-
Total Bonds and Notes Payable	19,766,721	-	1,790,532	-	17,976,189	1,805,141
Other Liabilities:						
Post Retirement Benefits	1,750,736	17,295	78,093	-	1,689,938	-
Vested Vacation and Sick Days	258,113	129,527	99,364	-	288,276	112,172
Developer Reimbursement Obligation	11,239,718	-	611,647	-	10,628,071	-
Total Other Liabilities	13,248,567	146,822	789,104	-	12,606,285	112,172
Total Governmental Activities- Long-Term Liabilities	$ 33,015,288	$ 146,822	$ 2,579,636	$ -	$ 30,582,474	$ 1,917,313

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. LONG TERM OBLIGATIONS (continued)

	Beginning Balance	Increases	Decreases	Adjustment	Ending Balance	Due Within One Year
Business-Type Activities						
Bonds and Notes Payable:						
General Obligation Bond	$ 4,188,070	$ -	$ 1,219,642	$ -	$ 2,968,428	$ 1,214,859
Revenue Bonds	9,138,234	-	367,899	-	8,770,335	376,374
Add/(Subtract) Deferred Amounts For:						
Premium (Discounts)	197,009	-	27,253	-	169,756	-
Total Bonds and Notes Payable	13,523,313	-	1,614,794	-	11,908,519	1,591,233
Other Liabilities:						
Post Retirement Benefits	258,960	815	22,894	-	236,881	-
Vested Vacation and Sick Days	47,857	19,948	8,423	-	59,382	10,439
Total Other Liabilities	306,817	20,763	31,317	-	296,263	10,439
Total Business-Type Activities- Long-Term Liabilities	$ 13,830,130	$ 20,763	$ 1,646,111	$ -	$ 12,204,782	$ 1,601,672

GENERAL OBLIGATION DEBT

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village and Town may not exceed five percent of the equalized value of taxable property within the Village and Town's jurisdiction. The debt limit as of December 31, 2025, was $93,496,200.

The Village's legal margin for creation of additional general obligation debt on December 31, 2025 was $78,786,200 as follows:

Equalized valuation of the Village	$ 1,869,924,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	93,496,200
Net outstanding general obligation debt applicable to debt limitation	(14,710,000)
Legal margin for new debt	$ 78,786,200

The Village is not obligated in any manner for special assessment debt.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. LONG TERM OBLIGATIONS (continued)

GENERAL OBLIGATION DEBT (continued)

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Governmental Activities - General Obligation Debt					
General Obligation Refunding Bond	2015	2026	2.00 - 3.50%	$ 199,220	$ 34,850
General Obligation Corporate Purpose Bonds	2016	2036	2.00 - 3.00%	5,170,000	2,930,000
General Obligation Refunding Bond	2017	2027	2.02%	4,364,002	286,722
General Obligation Refunding Bond	2018	2036	3.15% - 4.5%	1,675,000	1,100,000
General Obligation Refunding Bond	2020	2030	2.00%	1,660,000	735,000
General Obligation Refunding Bond	2021	2041	0.30% - 3.00%	5,080,000	3,875,000
General Obligation Refunding Bond	2023	2033	4.00%-5.00%	3,435,000	2,780,000
Total Governmental Activities - General Obligation Debt					$ 11,741,572

Business type activities debt service requirements to maturity are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Business Type Activities - General Obligation Debt					
General Obligation Refunding Bond	2015	2027	2.00 - 3.50%	$ 8,975,780	$ 1,570,150
General Obligation Refunding Bond	2017	2027	2.02%	84,098	13,278
General Obligation Refunding Bond	2021	2041	0.30% - 3.00%	1,855,000	1,385,000
Total Business Type Activities - General Obligation Debt					$ 2,968,428
Total General Obligation Debt					$ 14,710,000

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM OBLIGATIONS (continued)

GENERAL OBLIGATION DEBT (continued)

Annual principal and interest maturities of the outstanding general obligation debt of $14,710,000 on December 31, 2025 are detailed below:

	Governmental Activities Debt		Business-Type Activities Debt		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,460,141	$ 380,764	$ 1,214,859	$ 63,468	$ 2,675,000	$ 444,232
2027	1,286,430	320,032	623,569	33,246	1,909,999	353,278
2028	1,150,000	262,990	130,000	21,300	1,280,000	284,290
2029	1,130,000	225,756	135,000	18,650	1,265,000	244,406
2030	1,185,001	187,211	135,000	15,950	1,320,001	203,161
2031-2035	4,470,000	430,972	730,000	37,000	5,200,000	467,972
2036-2040	970,000	37,025	-	-	970,000	37,025
2041-2045	90,000	900	-	-	90,000	900
	$ 11,741,572	$ 1,845,650	$ 2,968,428	$ 189,614	$ 14,710,000	$ 2,035,264

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. LONG-TERM OBLIGATIONS (continued)

REVENUE BONDS

Revenue bonds outstanding on December 31, 2025 totaled $13,555,335 and was comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Governmental Activities - Revenue Bonds					
Revenue Bond	2017	2037	3.08%	3,165,000	$ 2,125,000
Bonds	2018	2036	3.5% - 5%	3,515,000	2,660,000
Total Governmental Activities - Revenue Bonds					$ 4,785,000

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Business Type Activities - Revenue Bonds					
Revenue Bonds	2016	2036	2.00 - 3.00%	2,055,000	$ 1,260,000
Revenue Bonds	2017	2037	2.00 - 4.00%	1,420,150	775,000
Safe Drinking Water Loan	2021	2050	1.595%	4,456,404	3,403,152
Clean Water Fund Loan	2021	2050	1.595%	5,058,142	3,332,183
Total Business Type Activities - Revenue Bonds					$ 8,770,335
Total Revenue Bonds					$ 13,555,335

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued).

E. LONG TERM OBLIGATIONS (continued)

***REVENUE BONDS** (continued)*

Annual principal and interest maturities of the outstanding revenue bonds of $13,555,335 on December 31, 2025 are detailed below:

	Governmental Activities Debt		Business-Type Activities Debt		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 345,000	$ 190,041	$ 376,374	$ 166,094	$ 721,374	$ 356,135
2027	375,000	175,891	379,905	157,885	754,905	333,776
2028	405,000	158,666	388,493	149,269	793,493	307,935
2029	415,000	139,766	397,137	140,146	812,137	279,912
2030	420,000	121,791	410,840	131,014	830,840	252,805
2031-2035	2,175,000	348,603	2,181,836	514,593	4,356,836	863,196
2036-2040	650,000	19,268	1,618,673	301,493	2,268,673	320,761
2041-2045	-	-	1,448,892	183,568	1,448,892	183,568
2046-2050	-	-	1,568,184	63,324	1,568,185	63,324
	$ 4,785,000	$ 1,154,026	$ 8,770,334	$ 1,807,386	$ 13,555,335	$ 2,961,412

Governmental activity revenue bonds

The Bonds are not general obligations of the Village but are special, limited obligations of the Village payable from revenues that are appropriated by the Village Board of the Village. The Village Board fully expects and anticipates that each year debt service is due on the Bonds, it shall appropriate Available Tax Increment to be derived from property in the TID in an amount sufficient to pay such amount in full. If a shortfall does occur, it will appropriate funds from other available funds of the Village sufficient to fund any such shortfall.

Business-type activity revenue bonds

The Village has pledged future utility district and water customers revenues, net of specified operating expenses, to repay the utility district and the water revenue bonds.

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued).

E. LONG TERM OBLIGATIONS (continued)

Other Debt Information

For debt with variable rates, each debt payment has a specified interest rate. Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund. There are a number of limitations and restrictions contained in the various bond indentures and loan agreements.

From 2020 through 2023 a developer financed Village utility system improvements amounting to $14,324,457 within three of the Village's TIF Districts. Based on the Developer Agreement, over the next 40 years, at such time or times when other property owners within the District seek to connect to the Village's utility system, the owners will pay a connection fee to the Village, which will be used to reimburse the developer. To the extent the developer has not been fully reimbursed for the improvements by September 1, 2031, the Village has warranted that it will make a supplemental reimbursement to the developer from Fund Balances, borrowings, or tax appropriations (or a combination thereof) until the developer has received the maximum amounts defined in the Developer Agreement. As of December 31, 2025, the Village has an unpaid obligation of $10,628,071 under this agreement.

In 2022, the Village obtained a construction line of credit from Tri-City bank, which bears interest at 3.15% and matures May 1, 2027. No principal payments are due until maturity. Interest is payable annually on the outstanding balance. The balance outstanding at December 31, 2025 was $1,011,617.

F. RESTRICTED ASSETS

The Village’s Restricted Assets at December 31, 2025 consisted of cash and investments as follows:

General Fund	$ 26,563
Debt Service	
Tax Incremental District #1	$ 280,287
Tax Incremental District #2	412,188
Total Debt Service	$ 692,475
Special Revenue Funds	
Drainage	$ 54,332
Ravine Park	29,369
Park	39,986
Total Special Revenue Funds	$ 123,687
Sewer	
Debt Service	$ 118,947
Utility District #1	
Debt Service	$ 32,751
Somers Water	
Debt Service	$ 94,378
Total Restricted Cash and Investments	$ 1,088,801

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued).

G. LEASE DISCLOSURES

The Village leases land for a cell tower to a telecommunications company. The lease is for 25 years and ends on November 6, 2052. Rent is payable in increasing annual installments ranging from $28,444 to $63,183 over the life of the lease. The Village recognized rental income of $15,332 and $21,933 of interest income on this lease for the year ended December 31, 2025. The remaining amount receivable on this lease is $796,904. Deferred inflows on the lease totaled $354,017 for the year ended December 31, 2025.

H. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2025 includes the following:

GOVERNMENTAL ACTIVITIES

Net Investment in Capital Assets	
Land and construction in progress	$ 1,143,693
Other capital assets, net of accumulated depreciation	16,015,424
Business-type capital assets bonded with government-type debt	17,598,101
Less: related long-term debt outstanding (net of unspent proceeds of debt and vacation accrual)	(18,264,465)
Total Investment in Capital Assets	16,492,753
Restricted	1,597,814
Unrestricted (deficit)	(9,450,685)
Total Governmental Activities Net Position	$ 8,639,882

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

H. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION (continued)

BUSINESS-TYPE ACTIVITIES

	KR Utility District	Utility District #1	Somers Water	Storm Water Utility	Total
Net Investment in Capital Assets					
Land	$ -	$ -	$ 39,000	$ -	$ 39,000
Other capital assets, net of accumulated depreciation	5,715,925	31,207,554	28,727,859	583,723	66,235,061
Less: related long-term debt outstanding (net of unspent proceeds of debt and vacation accrual)	-	(7,095,501)	(4,813,019)	-	(11,908,520)
Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds	(5,295,930)	(2,992,675)	(9,309,496)	-	(17,598,101)
Total Investment in Capital Assets	419,995	21,152,110	14,993,134	583,723	37,148,962
Unrestricted	6,166,798	13,077,103	11,795,465	985,819	32,025,185
Total Business-Type Activities Net Position	$ 6,586,793	$ 34,229,213	$ 26,788,599	$ 1,569,542	$ 69,174,147

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

H. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION (continued)

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

Nonspendable		
Major Funds		
General Fund - prepaid expenses	$	33,122
Total Nonspendable	$	33,122
Restricted		
Major Funds		
Debt Service - debt service purposes only	$	14,704,273
Non-Major Funds		
Tax Incremental Districts - TID purposes only	$	1,392,676
Drainage Fund - drainage purposes only		147,291
Park Fund - park purposes only		57,847
Total Restricted	$	16,302,087
Assigned		
Major Funds		
General Fund - Fourth of July Parade	$	7,241
General Fund - subsequent year expenditures		1,681,338
Capital Projects		438,076
Non-Major Funds		
TID - Developer Reimbursements		1,076,258
Total Assigned	$	3,202,913
Unassigned		
Major Funds		
General Fund	$	5,689,589
Non-Major Funds		
Tax Incremental Districts - deficit (See Note III C.)	$	(3,779,097)
Total Unassigned	$	1,910,492

NOTE V – OTHER INFORMATION

A. *EMPLOYEES' RETIREMENT SYSTEM*

Summary of Significant Accounting Policies

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

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

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

General Information about the Pension Plan

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Summary of Significant Accounting Policies *(continued)*

retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15

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

During the reporting period, the WRS recognized $270,548 in contributions from the employer.

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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%

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

At December 31, 2025, the Village reported a net pension liability of $287,129 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2024, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the Net Pension Liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.01747421%, which was an increase of 0.00060677% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025 the Village recognized pension expense of $383,954.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 891,696	$ 837,914
Net differences between projected and actual earnings on pension plan investments	436,310	-
Changes in assumptions	85,196	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	795	5,306
Employer contributions subsequent to the measurement date	309,410	-
Total	$ 1,723,407	$ 843,220

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

$309,410 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2025	$ 1,486,777	$ (1,316,927)
2026	1,212,618	(618,813)
2027	181,661	(328,836)
2028	66,708	(112,411)
2029	-	-
Total	$ 2,947,764	$ (2,376,987)

***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	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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

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

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

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.
The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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

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

	1% Decrease to Discount Rate 5.80%	Current Discount Rate 6.80%	1% Increase to Discount Rate 7.80%
Entity's proportionate share of the net pension liability (asset)	$ 2,693,656	$ 287,130	$ (1,422,637)

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

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

RETIREE HEALTH INSURANCE

Plan Descriptions and Benefit Information

The Village of Somers Retiree Health Insurance Plan is a single-employer plan. The plan is administered by the Village and does not issue a standalone financial report. Certain retirees and certain non-represented employees of the Village, identified by name in the employee manual, are eligible for the benefit, along with the Village's new and existing firefighters. The Village pays a portion of these individuals' health insurance premiums for continued coverage under the then-existing Village group health insurance plan following retirement and until eligibility for Medicare insurance. Alternatively, retirees who have become eligible for Medicare supplemental insurance, may be entitled to payments of a portion of their Medicare supplemental health insurance premiums based upon a pre-determined and approved schedule available in the employee manual. The partial premium payments are for the retiree only and do not include family or spousal coverage. As related to OPEB, retirees are retired firefighters or non-represented employees or who were eligible for health insurance coverage from the Village for a period of not less than five (5) years prior to retirement and who have retired from such employment with the Village in good standing. Apart from the firefighters, no benefit is available for any retiree who was not a full-time, non-represented employee of the Village on or before January 1, 2011.

Funding Policy

The Village contribution is based on actual pay-as-you-go expenditures. Premium payments are made as a reimbursement of eligible costs directly to the retiree according to the details set forth in the employee manual. This manual, and the post-employment benefits offered have been established and can be amended by the Somers Village Board. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4. The trust does not meet the criterion that the Village's contributions be irrevocable.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The Village generated an OPEB financial report with a valuation date of December 31, 2024 through the GASB help website, a service of the actuarial firm, Milliman, Inc. This method is called the Alternative Measurement Method, which is done in place of a full actuarial valuation.

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

***RETIREE HEALTH INSURANCE** (continued)*

Assumptions and methods used in this valuation are summarized as follows:

Age Adjustment Factor:	2.230
Average Retirement Age:	50 for Fire Dept; 65 for others
Employer Future Premium Contribution:	Remain a level % of the total cost over time
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Assets Backing OPEB Liability:	$0
Plan Asset Return:	0.000%
Bond Yield:	4.280%
Discount Rate:	4.280%
Measurement Date:	12/31/2024
Prior Measurement Date:	12/31/2023
Prior Year Discount Rate:	3.620%
Projected Salary Increases:	3.000%
Amortization Period:	20
Percentage Participation:	100.00%
NOL and ADC:	Calculated using the Alternative Measurement Method in accordance with GASB methodology.
Mortality Table:	Pub-2010 Public Retirement Plans Mortality Tables, with mortality Improvement projected for 10 years.
Turnover Assumption:	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System

The Village adopted the employee manual providing these other post-employment benefits with an effective date of January 1, 2011. The Village has not established a separate, irrevocable trust to fund the annual OPEB cost. The Village used a 20-year tax-exempt municipal bond yield rate since the plan's net position is not projected to cover benefit payments. The Village administers the plan and has not allocated administrative expenses specifically to the plan.

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

***RETIREE HEALTH INSURANCE** (continued)*

The Village reported an OPEB liability of $1,682,299 for the year ended December 31, 2025. Below is a calculation of the liability using a discount rate that is 1% greater and 1% less than the baseline rate shown on the previous table:

	1% Decrease to Discount Rate 3.280%	Current Discount Rate 4.280%	1% Increase to Discount Rate 5.280%
Net OPEB liability	$ 1,844,590	$ 1,682,299	$ 1,538,573

Changes to the OPEB liability from the prior year to the current year are explained below:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2024	$ 1,664,189	$ -	$ 1,664,189
Changes for the year:			
Service cost	27,390	-	27,390
Interest	-	-	-
Contributions and benefit payments	(4,145)	-	(4,145)
Economic/demographic gains or losses	(5,135)	-	(5,135)
Changes in assumptions or inputs	-	-	-
Balance at December 31, 2025	$ 1,682,299	$ -	$ 1,682,299

The Village recognized an OPEB expense of $27,390 for the year ended December 31, 2025. No payables were outstanding as of the end of the year.

Information about the number of active/inactive employees and retirees was as follows:

Village of Somers Retiree Health Insurance Plan	
Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	14
	20

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

***RETIREE HEALTH INSURANCE** (continued)*

The healthcare baseline trend rate used in the calculation is as follows:

	Medical	Pharmacy	Dental	Vision
Year 1	5.80%	11.70%	3.50%	3.00%
Year 2	5.70%	8.70%	3.50%	3.00%
Year 3	5.60%	5.60%	3.00%	3.00%
Year 4	5.40%	5.40%	3.00%	3.00%
Year 5	5.20%	5.20%	3.00%	3.00%
Year 6	5.00%	5.00%	3.00%	3.00%
Year 7	4.80%	4.80%	3.00%	3.00%
Year 8	4.60%	4.60%	3.00%	3.00%
Year 9	4.40%	4.40%	3.00%	3.00%
Year 10	4.10%	4.10%	3.00%	3.00%

Below is a calculation of the OPEB liability using a 1% decrease and a 1% increase to the base healthcare trend rates:

	1% Decrease	Healthcare Cost Baseline Trend Rate	1% Increase
Net OPEB liability	$ 1,529,583	$ 1,682,299	$ 1,856,359

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

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

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

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

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) *(continued)*

General Information about the Other Post-Employment Benefits

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

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

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

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

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

Contribution rates as of December 31, 2024 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

***LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)** (continued)*

Life Insurance Employee Contribution Rates* For the year ended December 31, 2024		
Attained Age	**Basic**	**Supplemental**
Under 30	$0.05	$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

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

During the reporting period, the LRLIF recognized $1,299 in contributions from the employer.

At December 31, 2025, the Village reported a liability of $241,594 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability (asset) was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.06175300%, which was a decrease of 0.01334700% from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the Village recognized OPEB revenue of $15,785 for the Fund. No payables were outstanding as of the end of the year.

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

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) *(continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 25,135
Net differences between projected and actual earnings on OPEB plan investments	3,318	-
Changes in assumptions	59,281	135,504
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,507	128,563
Contributions subsequent to the measurement date	3,693	-
Total	$ 69,799	$ 289,202

$3,693 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2025	$ 32,138	$ 69,313
2026	16,873	67,573
2027	6,889	63,259
2028	5,610	50,715
2029	4,595	21,360
2030	-	16,982
Thereafter	-	-
Total	$ 66,105	$ 289,202

Actuarial assumptions. The total OPEB liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) *(continued)*

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

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

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40.00%	2.41%
US Mortgages	Bloomberg US MBS	60.00%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

NOTE V – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (continued)

Single Discount rate. A single discount rate of 4.09% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
Entity's proportionate share of the net OPEB liability (asset)	$ 322,924	$ 241,594	$ 178,921

C. RISK MANAGEMENT

The Village of Somers is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Village of Somers to purchase commercial insurance for the risks of losses to which it is exposed.

NOTE V – OTHER INFORMATION (continued)

D. COMMITMENTS AND CONTINGENCIES

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

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

E. INTERGOVERNMENTAL AGREEMENT BETWEEN TOWN OF SOMERS AND VILLAGE OF SOMERS

On April 24th, 2015, the Secretary of State for the State of Wisconsin issued an incorporation certificate, recognizing the Village of Somers (Village) as an independent Wisconsin municipality consisting of lands that were formerly located in the Town of Somers (Town).

The Town provided municipal services to the property owners and residents of the Town prior to the incorporation of the Village and in order to continue the adequate provision of services on a cost effective basis, the Town and Village entered into an agreement whereby the Village will provide the majority or all municipal services for the benefit of the Town and Village, and the Town and Village will share the costs of these services in accordance with the proportions and other terms listed below.

The Town and Village of Somers did annex a portion of the "Remnant Town" into the Village, leaving the remaining "B" area to be annexed by the City of Kenosha as a result of a boundary agreement between the Town of Somers and the City of Kenosha.

Wisconsin statute §66.0235 requires the Town and Village to apportion assets and liabilities as a result of the recent incorporation of the Village and further apportionment will be required in accordance with the boundary adjustments detailed in the Agreement.

Terms of the Agreement:
Term shall be 10 years from the effective date with mutual 10-year renewal until such time that the "B" Area is annexed to the City. The "Effective Date" shall be Midnight of December 31, 2015.

NOTE V – OTHER INFORMATION (continued)

E. INTERGOVERNMENTAL AGREEMENT BETWEEN TOWN OF SOMERS AND VILLAGE OF SOMERS (continued)

Apportionments of Assets and Liabilities:
Before apportioning any other asset or liability, all monetary assets and liabilities presently owned or owed by the Town shall be apportioned in accordance with the formula contained at §66.0235(2)(b) based upon the average assessed valuation for the preceding five (5) years of the post-boundary-line change Town and Village areas, respectively. Because all assets permitted by law will be transferred by the Town to the Village, the goal is to ensure that assets and liabilities that must be divided by law are divided in the appropriate proportion before deciding the apportionment of any other tangible asset.

The majority of debt of the Town and Village is General Obligation (GO) Debt issued either through competitive bids, through the State Trust Fund, or by other means and backed by the full faith and credit of the Town prior to incorporation. It is required that this debt be apportioned between the Village and Town regardless of the purpose for which it was issued unless otherwise permitted by law.

Following apportionment, and as determined by the apportionment board, the Town may lease any real estate, buildings, road maintenance equipment, park equipment, vehicles, fire and rescue equipment, garbage and recycling equipment, and other similar non-monetary assets that it retains after apportionment, to the Village in exchange for payment of $1.00 in annual consideration (the Village's compliance with the other terms and conditions contained in this Agreement will serve as additional consideration for said lease the receipt of which is acknowledged by Town).

Provision of Municipal Services:
All public works and related services that were previously provided by the Town for the benefit of the Town shall hereafter be provided by the Village for the benefit of the Town and Village.

The Village shall provide *fire and rescue services* to its own property owners and residents and to the Town's property owners and residents.

Parties to this agreement agree to jointly operate the Somers Municipal Court and share in its cost and revenue.

The Town is presently a party to a contract with a private contracted service providing refuse and recycling services to property owners and residents. This contract continued in force and effect for the duration of their term. The contract with the private vendor has been transferred to the Village on the effective date of this intergovernmental agreement.

The Village shall be responsible for the maintenance of all parks located in the Town and Village.

Town and Village shall share all employees and administrative staff. The employees will be employees of the Village and the Town shall contribute to the cost. The record keeping will be performed by the Village staff. All employees of the Town shall be terminated by the Town and rehired by the Village on terms identical to the terms of their current employment with the Town. Any Collective Bargaining Agreement shall be assigned from the Town to the Village as of the Effective Date.

NOTE V – OTHER INFORMATION (continued)

E. INTERGOVERNMENTAL AGREEMENT BETWEEN TOWN OF SOMERS AND VILLAGE OF SOMERS (continued)

The Town and Village shall appoint a common *Clerk and Treasurer* and share the cost.

Payment of Expenses Related to Shared Services:
Unless otherwise agreed by the Parties, the Town and Village shall be jointly responsible for the cost of all shared services in the nature of public works, public safety, refuse and recycling, parks, administrative staff, and costs resulting from the provision of similar services, as referenced above.

The Town and Village shall each pay the proportion of total expenses equal to their respective share of the total assessed value of all real and personal property located in the Town and Village in the prior year. This value shall be based upon legally taxable value as determined by the Village assessor.

Apportionment of Levy:
The apportionment of the levy shall be based upon the property originally approved by the State Department of Administration to become a Village, plus any subsequent properties annexed to the Village by ordinance adopted by the Village Board. In this case, to the degree practicable, the mill rate of the Village shall equal the mill rate of the Town. For the 2017 budget and subsequent budgets, the apportionment ratio shall be as determined by the Kenosha County Division of Land Information using the best information available as determined by the Division of Land Information. For 2025, the levy was assessed in compliance with these terms.

Assignment of Revenue:
The Town does hereby agree to assign revenues to the Village to the degree allowed by State or Federal agencies.

Contracts:
All contracts held by the Town in 2015 through 2017 were transferred to the Village.

Capital Expenditures:
The cost of any new capital equipment or other asset necessary or useful for the provision of the municipal services contemplated herein shall be apportioned between the Town and Village in a proportion equal to their respective shares of the total assessed value of all real and personal property located in the Town and Village in the prior year.

Capital Financing & Debt:
In accordance with 66.0301, all existing debt of the Town that was not already transferred to the Village on May 26, 2015 (the "Existing Debt") was transferred to the Village. It is the intention of the Village and the Town that each municipality share the cost of the Existing Debt in proportion to the assessed value (TID out) of each municipality. In order to evidence the intention to share the cost of the Existing Debt, the Town shall issue a general obligation promissory note (the "Note") to the Village for its proportionate share of the Existing Debt based upon its share of assessed value.

NOTE V – OTHER INFORMATION (continued)

E. INTERGOVERNMENTAL AGREEMENT BETWEEN TOWN OF SOMERS AND VILLAGE OF SOMERS (continued)

The Village will issue all future debt (the "New Debt") to fund municipal projects pursuant to this IGA, to include GO debt, leases, revenue bonds, conduit debt, or any other debt needed to fund the joint budget, the Utility, or any TIF district in the Village including refunding bonds. Therefore, in order to be able to adjust the principal amount of the Note to reflect either or both (1) any change in the proportionate share of assessed value and/or (2) additional obligations of the Town in connection with additional debt issued by the Village on behalf of the Town, the Note shall be issued for a two-year term. The payments due in the first year of the Note will reflect the Town's share of debt service on the Existing Debt and the New Debt in that same year and the payments due in the second year will be the remaining principal plus interest.

GO debt service for general fund debt, or other debt intended to be funded by tax levy through operation of this agreement shall be apportioned between the Town and Village based upon assessed value in accord with apportionment and assessment standards.

The Town's revenues are recorded within the Village's accounts so therefore this note is considered paid to the Village and not an outstanding receivable.

F. INCORPORATION AND CLASSIFICATION OF TOWN RELATED REVENUE AND EXPENDITURES INTO THIS REPORT

According to the IGA, the Village provides all services required by the Town and the Town reimburses these services based on their assessed valuation. The budget and the levy reflect those of both municipalities. Therefore, for accounting and management purposes, the Village records all of the revenues and expenditures of the Town in the Village's general ledger. For purposes of this audit report, Town revenues from the State or external sources are reported in the same classification in the Village books as the Village revenue. The expenditures of the Town are also reported in this audit report in the same functional categories as the Village expenditures.

G. SUBSEQUENT EVENTS

Management evaluated subsequent events through August 12, 2026, the date the financial statements were available to be issued. Management is not aware of any events that would require disclosure in the financial statement footnotes.

H. UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for reporting periods beginning after June 15, 2025. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SOMERS

KENOSHA COUNTY, WISCONSIN

Schedule of Changes in Retiree Health Insurance OPEB Liability

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Balance as of Prior Measurement Date	$ 1,349,694	$ 1,147,677	$ 1,159,112	$ 1,300,638	$ 1,260,448	$ 1,393,450	$ 1,385,832	$ 1,664,189
Service Cost	46,073	32,110	29,939	29,939	29,939	29,939	21,745	27,390
Interest on Total OPEB Liability	34,792	50,745	43,567	43,567	44,569	44,569	50,851	-
Effect of Plan Changes	-	-	-	-	-	-	-	-
Effect of Economic/Demographic Gains of Losses	(63,230)	(63,231)	69,592	69,592	87,144	(52,997)	316,366	(5,135)
Effect of Assumptions Changes or Inputs	(211,463)	-	3,820	(178,965)	(24,095)	(24,095)	(104,860)	-
Benefit Payments	-	-	-	-	-	-	-	-
Employer Contributions	(8,189)	(8,189)	(5,392)	(4,323)	(4,555)	(5,034)	(5,745)	(4,145)
Employee Contributions	-	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-	-
Balance as of Current Measurement	$ 1,147,677	$ 1,159,112	$ 1,300,638	$ 1,260,448	$ 1,393,450	$ 1,385,832	$ 1,664,189	$ 1,682,299

See Notes to Required Supplementary Information.

Schedule of the Net OPEB Liability (Asset)
Retiree Health Insurance Plan - Last 10 Fiscal Years*

Plan Year Ending	Net OPEB Liability	Fiduciary Net Position	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	$ 1,349,694	$ -	$ 796,915	169.36%	0.00%
12/31/2018	1,147,677	-	802,342	143.04%	0.00%
12/31/2019	1,159,112	-	1,011,066	114.64%	0.00%
12/31/2020	1,300,638	-	939,915	138.38%	0.00%
12/31/2021	1,260,448	-	910,388	138.45%	0.00%
12/31/2022	1,393,450	-	916,446	152.05%	0.00%
12/31/2023	1,385,832	-	881,569	157.20%	0.00%
12/31/2024	1,664,189	-	896,635	185.60%	0.00%
12/31/2025	1,682,299	-	901,519	186.61%	0.00%

*This schedule is required to show data for the last ten fiscal years. More years will be added as data becomes available.

See Notes to Required Supplementary Information.

VILLAGE OF SOMERS

KENOSHA COUNTY, WISCONSIN

Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Local Government Life Insurance Fund - Last 10 Fiscal Years*

Plan Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	0.09932600%	$ 298,830	$ 4,176,942	7.15%	44.81%
12/31/2018	0.10632000%	274,341	1,711,000	16.03%	48.69%
12/31/2019	0.11095200%	472,455	1,810,000	26.10%	37.58%
12/31/2020	0.10464300%	575,612	1,889,000	30.47%	31.36%
12/31/2021	0.08755000%	517,453	1,609,000	32.16%	29.57%
12/31/2022	0.07481800%	285,044	1,887,000	15.11%	0.00%
12/31/2023	0.07510000%	345,509	2,226,000	15.52%	0.00%
12/31/2024	0.06175300%	241,594	2,364,000	10.22%	0.00%

*This schedule is required to show data for the last ten fiscal years. More years will be added as data becomes available.

See Notes to Required Supplementary Information.

VILLAGE OF SOMERS
KENOSHA COUNTY, WISCONSIN

Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System - Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.01304000%	$ 320,298	$ 1,376,535	23.27%	102.74%
12/31/16	0.01232447%	58,610	1,430,073	4.10%	98.2%
12/31/17	0.01962601%	(582,718)	1,709,958	-34.08%	102.93%
12/31/18	0.02081402%	740,497	1,822,913	40.62%	96.45%
12/31/19	0.01491872%	(481,047)	1,902,152	-25.29%	102.96%
12/31/20	0.01547884%	(966,364)	2,010,496	-48.07%	210.52%
12/31/21	0.01609392%	(1,297,198)	2,124,264	-61.07%	212.04%
12/31/22	0.01636443%	866,938	2,037,852	42.54%	191.44%
12/31/23	0.01686744%	250,786	2,309,104	10.86%	197.70%
12/31/24	0.01747421%	287,130	2,489,052	11.54%	197.58%

Schedule of Employer Contributions
Wisconsin Retirement System - Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
12/31/15	$ 115,376	$ 115,376	$ -	$ 1,376,535	8.32%
12/31/16	115,160	115,160	-	1,430,073	8.05%
12/31/17	148,649	148,649	-	1,709,958	8.69%
12/31/18	154,402	154,402	-	1,822,913	8.47%
12/31/19	159,140	159,140	-	1,924,363	8.27%
12/31/20	185,017	185,017	-	1,902,152	9.73%
12/31/21	183,608	183,608	-	2,010,496	9.13%
12/31/22	195,785	195,785	-	2,124,264	9.22%
12/31/23	231,746	231,746	-	2,309,105	10.04%
12/31/24	271,640	271,640	-	2,535,828	10.71%
12/31/25	287,182	287,182		2,501,581	11.48%

See Notes to Required Supplementary Information.

Notes to Required Supplementary Information
December 31, 2025

NOTE A – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The Village implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available. The Village currently has no assets accumulated in a trust for the single employer plan.

NOTE B – WISCONSIN RETIREMENT SYSTEM

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%

Notes to Required Supplementary Information
December 31, 2025

NOTE B – WISCONSIN RETIREMENT SYSTEM (CONTINUED)

- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE C – LOCAL RETIREE LIFE INSURANCE FUND

There were no recent changes in benefit terms.

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF SOMERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue Funds				Capital Projects Funds				
	Drainage Fund	Park Fund	ARPA Fund	Total Special Revenue Funds	Tax Incremental District #1	Tax Incremental District #2	Tax Incremental District #3	Tax Incremental District #4	Tax Incremental District #5
ASSETS									
Cash and cash equivalents	$ 92,959	$ 13,492	$ 13,406	$ 119,857	$ 692,901	$ 554	$ 1,076,258	$ -	$ -
Investments	-	-	-	-	456,659	-	-	-	-
Miscellaneous receivable	-	-	-	-	-	-	560	-	32,568
Restricted cash	54,332	69,355	-	123,687	-	-	-	-	-
Deferred special assessments	-	-	-	-	340,879	290,460	-	-	-
TOTAL ASSETS	$ 147,291	$ 82,847	$ 13,406	$ 243,544	$ 1,510,281	$ 291,014	$ 1,076,818	$ -	$ 32,568
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ 5,792	$ 6,606	$ 1,259	$ 5,336	$ 7,210
Due to other funds	-	-	-	-	-	-	1,497,366	1,257,068	343,280
Developer deposits	-	25,000	-	25,000	-	10,000	-	-	-
Unearned revenues	-	-	13,406	13,406	-	-	-	-	-
TOTAL LIABILITIES	-	25,000	13,406	38,406	5,792	16,606	1,498,625	1,262,404	350,490
DEFERRED INFLOWS OF RESOURCES									
Deferred tax levy	-	-	-	-	19,842	-	-	-	-
Deferred special assessments	-	-	-	-	341,073	290,460	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	360,915	290,460	-	-	-
FUND BALANCES									
Restricted									
Tax Incremental Districts	-	-	-	-	1,143,574	-	-	-	-
Drainage fund	147,291	-	-	147,291	-	-	-	-	-
Park fund	-	57,847	-	57,847	-	-	-	-	-
Assigned									
Developer reimbursement (TIDs)	-	-	-	-	-	-	1,076,258	-	-
Unassigned	-	-	-	-	-	(16,052)	(1,498,065)	(1,262,404)	(317,922)
TOTAL FUND BALANCES (DEFICIT)	147,291	57,847	-	205,138	1,143,574	(16,052)	(421,807)	(1,262,404)	(317,922)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 147,291	$ 82,847	$ 13,406	$ 243,544	$ 1,510,281	$ 291,014	$ 1,076,818	$ -	$ 32,568

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
December 31, 2025

	Capital Projects Funds							
	Tax Incremental District #6	Tax Incremental District #7	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	Total Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	$ 269,888	$ -	$ -	$ -	$ -	$ -	$ 2,039,601	$ 2,159,458
Investments	-	-	-	-	-	-	456,659	456,659
Miscellaneous receivable	-	-	13,043	-	-	-	46,171	46,171
Restricted cash	-	-	-	-	-	-	-	123,687
Deferred special assessments	-	-	-	-	-	-	631,339	631,339
TOTAL ASSETS	$ 269,888	$ -	$ 13,043	$ -	$ -	$ -	$ 3,193,612	$ 3,437,156
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 20,786	$ -	$ 5,312	$ -	$ -	$ -	$ 52,301	$ 52,301
Due to other funds	-	28,799	618,676	20,755	-	24,155	3,790,099	3,790,099
Developer deposits	-	-	-	-	-	-	10,000	35,000
Unearned revenues	-	-	-	-	-	-	-	13,406
TOTAL LIABILITIES	20,786	28,799	623,988	20,755	-	24,155	3,852,400	3,890,806
DEFERRED INFLOWS OF RESOURCES								
Deferred tax levy	-	-	-	-	-	-	19,842	19,842
Deferred special assessments	-	-	-	-	-	-	631,533	631,533
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	651,375	651,375
FUND BALANCES								
Restricted								
Tax Incremental Districts	249,102	-	-	-	-	-	1,392,676	1,392,676
Drainage fund	-	-	-	-	-	-	-	147,291
Park fund	-	-	-	-	-	-	-	57,847
Assigned							-	-
Developer reimbursement (TIDs)	-	-	-	-	-	-	1,076,258	1,076,258
Unassigned	-	(28,799)	(610,945)	(20,755)	-	(24,155)	(3,779,097)	(3,779,097)
TOTAL FUND BALANCES (DEFICIT)	249,102	(28,799)	(610,945)	(20,755)	-	(24,155)	(1,310,163)	(1,105,025)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 269,888	$ -	$ 13,043	$ -	$ -	$ -	$ 3,193,612	$ 3,437,156

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	Special Revenue Funds				Capital Projects Funds				
	Drainage Fund	Park Fund	ARPA Fund	Total Special Revenue Funds	Tax Incremental District #1	Tax Incremental District #2	Tax Incremental District #3	Tax Incremental District #4	Tax Incremental District #5
REVENUES									
Intergovernmental	$ -	$ -	$ 6,200	$ 6,200	$ 12,818	$ 21,048	$ 3,020	$ 1,861	$ -
Charges for services	-	-	-	-	17,107	-	-	-	119,983
Investment income	2,275	2,904	-	5,179	61,668	-	25,191	21,656	-
Total Revenues	2,275	2,904	6,200	11,379	91,593	21,048	28,211	23,517	119,983
EXPENDITURES									
Current:									
Conservation and development	-	-	-	-	15,759	23,938	173,191	280,507	266,482
Debt service:									
Interest and other charges	-	-	-	-	651	1,722	-	-	-
Total Expenditures	-	-	-	-	16,410	25,660	173,191	280,507	266,482
Excess (deficiency) of revenues over expenditures	2,275	2,904	6,200	11,379	75,183	(4,612)	(144,980)	(256,990)	(146,499)
OTHER FINANCING SOURCES (USES)									
Capital contributions to utility	-	-	-	-	-	-	-	-	
Transfers in	-	-	-	-	43,567	-	152,826	-	-
Transfers out	-	-	(6,200)	(6,200)	-	(4,954)	-	-	-
Total other financing sources and uses	-	-	(6,200)	(6,200)	43,567	(4,954)	152,826	-	-
Net change in fund balance	2,275	2,904	-	5,179	118,750	(9,566)	7,846	(256,990)	(146,499)
FUND BALANCES - BEGINNING OF YEAR (DEFICIT)	145,016	54,943	-	199,959	1,024,824	(6,486)	(429,653)	(1,005,414)	(171,423)
FUND BALANCES - END OF YEAR (DEFICIT)	$ 147,291	$ 57,847	$ -	$ 205,138	$ 1,143,574	$ (16,052)	$ (421,807)	$ (1,262,404)	$ (317,922)

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended December 31, 2025

	Capital Projects Funds							
	Tax Incremental District #6	Tax Incremental District #7	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES								
Intergovernmental	$ 991	$ 141	$ -	$ 372	$ 5	$ -	$ 40,256	$ 46,456
Charges for services	-	-	442,615	-	-	-	579,705	579,705
Investment income	8,165	2,800	-	-	4,726	-	124,206	129,385
Total Revenues	9,156	2,941	442,615	372	4,731	-	744,167	755,546
EXPENDITURES								
Current:								
Conservation and development	388,614	8,470	126,305	246	286	3,292	1,287,090	1,287,090
Debt service:								
Interest and other charges	-	-	-	-	-	-	2,373	2,373
Total Expenditures	388,614	8,470	126,305	246	286	3,292	1,289,463	1,289,463
Excess (deficiency) of revenues over expenditures	(379,458)	(5,529)	316,310	126	4,445	(3,292)	(545,296)	(533,917)
OTHER FINANCING SOURCES (USES)								
Capital contributions to utility	-	-	(734,406)	-	-	-	(734,406)	(734,406)
Transfers in	480,864	-	88,738	-	-	-	765,995	765,995
Transfers out	-	-	-	-	(2,307)	-	(7,261)	(13,461)
Total other financing sources and uses	480,864	-	(645,668)	-	(2,307)	-	24,328	18,128
Net change in fund balance	101,406	(5,529)	(329,358)	126	2,138	(3,292)	(520,968)	(515,789)
FUND BALANCES - BEGINNING OF YEAR (DEFICIT)	147,696	(23,270)	(281,587)	(20,881)	(2,138)	(20,863)	(789,195)	(589,236)
FUND BALANCES - END OF YEAR (DEFICIT)	$ 249,102	$ (28,799)	$ (610,945)	$ (20,755)	$ -	$ (24,155)	$ (1,310,163)	$ (1,105,025)

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
December 31, 2025

	Governmental Debt Service Fund	Tax Increment District #1 Debt Service Fund	Tax Increment District #2 Debt Service Fund	Tax Increment District #3 Debt Service Fund	Tax Increment District #4 Debt Service Fund	Tax Increment District #5 Debt Service Fund	Tax Increment District #6 Debt Service Fund
ASSETS							
Cash and investments	$ 88,960	$ 3,038,422	$ 3,489,827	$ 2,203,521	$ 2,510,201	$ 158,157	$ 218,005
Investments	27	1,266,423	827,647	-	-	-	-
Property taxes receivable	1,067,912	1,616,236	1,872,860	2,087,166	783,182	309,611	262,809
Restricted cash	-	128,601	209,414	-	-	-	-
Restricted investments	-	151,686	202,774	-	-	-	-
TOTAL ASSETS	$ 1,156,899	$ 6,201,368	$ 6,602,522	$ 4,290,687	$ 3,293,383	$ 467,768	$ 480,814
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 4,250	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	4,250	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred property tax levy	1,067,912	1,616,237	1,872,860	2,087,166	783,182	309,611	262,809
TOTAL DEFERRED INFLOWS OF RESOURCES	1,067,912	1,616,237	1,872,860	2,087,166	783,182	309,611	262,809
FUND BALANCES							
Restricted							
Debt service	84,737	4,585,131	4,729,662	2,203,521	2,510,201	158,157	218,005
TOTAL FUND BALANCES	84,737	4,585,131	4,729,662	2,203,521	2,510,201	158,157	218,005
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,156,899	$ 6,201,368	$ 6,602,522	$ 4,290,687	$ 3,293,383	$ 467,768	$ 480,814

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS (continued)
December 31, 2025

	Tax Increment District #7 Debt Service Fund	Tax Increment District #8 Debt Service Fund	Tax Increment District #9 Debt Service Fund	Tax Increment District #10 Debt Service Fund	Tax Increment District #11 Debt Service Fund	Total Debt Service Funds
ASSETS						
Cash and investments	$ 189,774	$ 4,320	$ 16,659	$ -	$ 4,106	$ 11,921,952
Investments	-	-	-	-	-	2,094,097
Property taxes receivable	94,968	2,095	29,912	-	2,347	8,129,098
Restricted cash	-	-	-	-	-	338,015
Restricted investments	-	-	-	-	-	354,460
TOTAL ASSETS	$ 284,742	$ 6,415	$ 46,571	$ -	$ 6,453	$ 22,837,622
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 4,250
TOTAL LIABILITIES	-	-	-	-	-	4,250
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax levy	94,968	2,095	29,912	-	2,347	8,129,099
TOTAL DEFERRED INFLOWS OF RESOURCES	94,968	2,095	29,912	-	2,347	8,129,099
FUND BALANCES						
Restricted						
Debt service	189,774	4,320	16,659	-	4,106	14,704,273
TOTAL FUND BALANCES	189,774	4,320	16,659	-	4,106	14,704,273
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 284,742	$ 6,415	$ 46,571	$ -	$ 6,453	$ 22,837,622

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended December 31, 2025

	Governmental Debt Service Fund	Tax Increment District #1 Debt Service Fund	Tax Increment District #2 Debt Service Fund	Tax Increment District #3 Debt Service Fund	Tax Increment District #4 Debt Service Fund	Tax Increment District #5 Debt Service Fund
REVENUES						
Taxes	$ 1,028,952	$ 1,154,643	$ 1,164,956	$ 1,475,231	$ 499,578	$ 138,635
Investment income	1,621	264,181	307,770	-	-	-
Total Revenues	1,030,573	1,418,824	1,472,726	1,475,231	499,578	138,635
EXPENDITURES						
Debt service:						
Principal	860,358	485,000	400,000	-	-	-
Interest and fiscal charges	206,106	197,508	218,554	3,938	-	-
Total Expenditures	1,066,464	682,508	618,554	3,938	-	-
Excess (deficiency) of revenues over expenditures	(35,891)	736,316	854,172	1,471,293	499,578	138,635
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	4,954	-	-	-
Transfers out	(12,619)	-	-	-	-	-
Total other financing sources and uses	(12,619)	-	4,954	-	-	-
Net change in fund balance	(48,510)	736,316	859,126	1,471,293	499,578	138,635
FUND BALANCES - BEGINNING OF YEAR	133,247	3,848,815	3,870,536	732,228	2,010,623	19,522
FUND BALANCES - END OF YEAR	$ 84,737	$ 4,585,131	$ 4,729,662	$ 2,203,521	$ 2,510,201	$ 158,157

See accompanying notes to the financial statements.

VILLAGE OF SOMERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended December 31, 2025

	Tax Increment District #6 Debt Service Fund	Tax Increment District #7 Debt Service Fund	Tax Increment District #8 Debt Service Fund	Tax Increment District #9 Debt Service Fund	Tax Increment District #10 Debt Service Fund	Tax Increment District #11 Debt Service Fund	Total Debt Service Funds
REVENUES							
Taxes	$ 123,680	$ 42,846	$ 1,113	$ 4,071	$ 23,423	$ 923	$ 5,658,051
Investment income	-	-	-	-	-	-	573,572
Total Revenues	123,680	42,846	1,113	4,071	23,423	923	6,231,623
EXPENDITURES							
Debt service:							
Principal	-	-	-	-	-	-	1,745,358
Interest and fiscal charges	4,623	-	-	-	-	-	630,729
Total Expenditures	4,623	-	-	-	-	-	2,376,087
Excess (deficiency) of revenues over expenditures	119,057	42,846	1,113	4,071	23,423	923	3,855,536
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	4,954
Transfers out	-	-	-	-	(78,364)	-	(90,983)
Total other financing sources and uses	-	-	-	-	(78,364)	-	(86,029)
Net change in fund balance	119,057	42,846	1,113	4,071	(54,941)	923	3,769,507
FUND BALANCES - BEGINNING OF YEAR	98,948	146,928	3,207	12,588	54,941	3,183	10,934,766
FUND BALANCES - END OF YEAR	$ 218,005	$ 189,774	$ 4,320	$ 16,659	$ -	$ 4,106	$ 14,704,273

See accompanying notes to the financial statements.