



JOHNSON CREEK
Crossroads With A Future

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

**Village of Johnson Creek
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December 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Johnson Creek
Johnson Creek, Wisconsin

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Johnson Creek, Wisconsin and to meet our other ethical responsibilities, in accordance with 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 these 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 Johnson Creek, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Johnson Creek, 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 Johnson Creek, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund schedules as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 6, 2026

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

The Management's Discussion and Analysis of the Village of Johnson Creek's financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Village of Johnson Creek's financial statements.

FINANCIAL HIGHLIGHTS

Total equalized value of real and personal property in the Village for 2025 is \$602,776,000 of which \$595,175,600 is non-TIF (Tax Incremental Financing) property. Total equalized value in 2024 was \$579,197,500, of which \$574,841,700 was non-TIF property and in 2023 total equalized value was \$546,683,800, of which \$539,255,900 was non-TIF property. Overall equalized value (estimate of the market value of all property) was up \$23,578,500 from 2024 to 2025. Net new construction also increased by \$5,333,500 during the same period according to figures released by the State of Wisconsin Department of Revenue.

Village assets exceeded liabilities by \$33,088,134 at the close of FY 2025, down from \$33,545,365 FY 2024. Of this amount, \$3,980,357 is considered unrestricted, \$2,141,693 is restricted for specific purposes, and \$26,966,084 is invested in capital assets net of related debt.

Net position for business-type activities was \$23,138,528 at the close of FY 2025, up from \$23,138,084 at close of FY 2024. Net position for governmental-type activities was \$9,949,606 at the close of FY 2025, up from \$10,407,281 at the close of FY 2024.

The Village experienced a net decrease of \$499,178 in fixed assets during 2025 due to less work completed on roads and equipment purchases. Governmental funds fixed assets decreased by \$637,593, while proprietary funds fixed assets increased by \$138,415.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village of Johnson Creek basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Other supplementary information in addition to the basic financial statements is provided as required.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Village finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Village assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Johnson Creek is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Johnson Creek that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general administration; public safety; public works; health and human services; culture, recreation and education; conservation and development; and debt service. Business-type activities of the Village include a Water Utility and a Sewer Utility.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund Financial Statements

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

Governmental Funds – Used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Additionally, other non-financial factors may need to be considered, such as changes in the Village's property tax base and condition of infrastructure.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The Village of Johnson Creek maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the General Fund, Fire/EMS Fund, and Capital Projects Fund, all of which are considered to be major funds. The Library Fund, Room Tax Fund, TIF #4 Fund, TIF #5 Fund, and TIF #6 Fund are considered non-major funds for which data is shown in a single, aggregated presentation.

The basic governmental fund financial statements are found on pages 4-7 of this report.

The Village of Johnson Creek adopts an annual appropriated budget for the General Fund and various other funds as required by state statute. Budgetary comparison statements, found on pages 54-55, have been provided as required supplementary information for the General Fund and Fire/EMS Fund.

Proprietary Funds – The Village of Johnson Creek maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Utility and its Sewer Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility and Sewer Utility as both are considered to be major funds of the Village of Johnson Creek.

The basic proprietary fund financial statements are found on pages 8-12 of this report.

Fiduciary Funds – Used to account for resources held for the benefit of parties outside the government or for other funds. Fiduciary funds are not reflected in the government-wide financial statements. The only fiduciary fund maintained by the Village is the tax collection fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Johnson Creek. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statement can be found on page 13-14 of this report.

Notes to the Financial Statements

The notes provide additional information essential to full understanding of data provided in the government-wide and fund financial statements such as a description of the Village's accounting policies and detail of inter-fund balances, restricted cash balances, fixed asset changes and debt service. The notes to the financial statements can be found on pages 15-53 of this report.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE VILLAGE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Johnson Creek, assets exceeded liabilities by \$33,088,134 at the close of the most recent fiscal year and \$33,545,365 at the close of the prior fiscal year, as presented in the following tables.

Village of Johnson Creek's Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 8,158,305	\$ 7,359,432	\$ 6,784,920	\$ 3,611,053	\$ 14,943,225	\$ 10,970,485
Capital Assets	13,840,735	14,478,328	22,467,479	22,329,064	36,308,214	36,807,392
Total Assets	21,999,040	21,837,760	29,252,399	25,940,117	51,251,439	47,777,877
Deferred Outflows	669,309	820,140	177,721	259,339	847,030	1,079,479
Long-Term Liabilities	9,519,441	8,764,759	5,948,471	2,833,583	15,467,912	11,598,342
Other Liabilities	331,034	356,966	261,008	95,822	592,042	452,788
Total Liabilities	9,850,475	9,121,725	6,209,479	2,929,405	16,059,954	12,051,130
Deferred Inflows	2,868,268	3,128,894	82,113	131,967	2,950,381	3,260,861
Net Position:						
Net Investment in Capital Assets	7,534,709	8,222,788	19,431,375	19,581,597	26,966,084	27,804,385
Restricted	1,072,789	1,060,440	1,068,904	962,875	2,141,693	2,023,315
Unrestricted	1,342,108	1,124,053	2,638,249	2,593,612	3,980,357	3,717,665
Total Net Positions	\$ 9,949,606	\$ 10,407,281	\$ 23,138,528	\$ 23,138,084	\$ 33,088,134	\$ 33,545,365

The Village of Johnson Creek's net position reflects its investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets, as a positive \$26,966,084 compared to \$27,804,385 for the year ended 2024. The Village uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$2,141,693 represents resources subject to external restrictions on how they may be used. These restricted assets include reserves as required by long-term debt requirements, impact fee collections, funds restricted by State law, library trust fund, and other restrictions. The remaining balance of unrestricted net position is \$3,980,357 up from \$3,717,665 in the prior year.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE VILLAGE (Continued)

Village of Johnson Creek's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services and fees, fines and costs	\$ 1,129,943	\$ 892,685	\$ 1,779,916	\$ 1,720,389	\$ 2,909,859	\$ 2,613,074
Operating grants and contributions	384,293	292,153	-	-	384,293	292,153
Capital grants and contributions	213,773	205,648	256,450	84,987	470,223	290,635
General revenues:						
Taxes	2,586,412	2,681,679	-	-	2,586,412	2,681,679
Special Assessments	7,400	16,280	-	-	7,400	16,280
Intergovernmental revenues not restricted to specific programs	511,506	405,726	-	-	511,506	405,726
Unrestricted Interest and Investment Earnings	258,705	251,630	190,926	173,280	449,631	424,910
Miscellaneous	42,558	81,611	2,343	9,711	44,901	91,322
Total Revenues	5,134,590	4,827,412	2,229,635	1,988,367	7,364,225	6,815,779
Expenses:						
General Government	787,336	568,499	-	-	787,336	568,499
Public Safety	1,982,381	1,803,299	-	-	1,982,381	1,803,299
Public Works	1,291,749	1,238,334	-	-	1,291,749	1,238,334
Health and Human Services	9,196	8,870	-	-	9,196	8,870
Culture, Recreation, and Education	551,151	532,498	-	-	551,151	532,498
Conservation & Development	702,257	71,536	-	-	702,257	71,536
Interest on long-term debt	255,644	252,680	-	-	255,644	252,680
Water & Sewer	-	-	2,229,409	2,200,611	2,229,409	2,200,611
Total Expenses	5,579,714	4,475,716	2,229,409	2,200,611	7,809,123	6,676,327
Increase (Decrease) in Net Position before transfers and special items	(445,124)	351,696	226	(212,244)	(444,898)	139,452
Transfers	7,822	164,209	(7,822)	(164,209)	-	-
Special Items	(20,373)	60,496	8,040	-	(12,333)	60,496
Increase (Decrease) in Net Position	(457,675)	576,401	444	(376,453)	(457,231)	199,948
Net Position – January 1	10,407,281	9,830,880	23,138,084	23,514,537	33,545,365	33,345,417
Net Position – December 31	\$ 9,949,606	\$ 10,407,281	\$ 23,138,528	\$ 23,138,084	\$ 33,088,134	\$ 33,545,365

Governmental activities decreased the Village of Johnson Creek's net position by \$457,675 and business-type activities increased the Village's net position by \$444 for an overall decrease of net position of \$457,231.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village of Johnson Creek uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

Nonspendable fund balance includes funds either not in spendable form or required to be maintained intact. The majority of Village of Johnson Creek funds reported as nonspendable are amounts due from other funds. Restricted fund balance reports funds with restricted uses determined by outside sources such as creditors, grantors or by state law. The Village of Johnson Creek funds reported as restricted include those subject to long-term debt obligations as well as impact fee and room tax collections. Committed fund balance reports resources subject to limitations the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner. The Village of Johnson Creek currently does not report funds in this category. Assigned fund balance reports resources for which the local government has established an intended use. The Village of Johnson Creek's assigned fund balance includes funds designated for future capital expenditures examples of which include computer upgrades, building repairs, park improvements or squad car replacements.

The Village of Johnson Creek's General Fund (the chief operating fund of the Village of Johnson Creek) showed an unassigned fund balance of \$1,148,453 or 30% of the total General Fund's 2026 budgeted expenditures balance, including transfers. This can be compared to the Village's unassigned fund balance of \$1,119,636 at YE 2024. Total fund balance of the General Fund amounted to \$2,054,158, down from \$2,672,396 YE 2024. The Village Board adopted a Fund Balance Policy in 2016 to assign unassigned fund balance in excess of 30% of expenditures. For YE 2025, \$146,009 of assigned fund balance is the excess over 30%.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total 2025 fund expenditures. Unassigned fund balance represents 40% of total General Fund expenditures, while total fund balance represents 71% of that same amount.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

Proprietary Funds

The Village of Johnson Creek's reporting on proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the Water Utility at the end of the year amounted to \$2,079,043 down from \$2,099,160 in 2024. Unrestricted net position of the Sewer Utility at the end of the year amounted to \$559,206 down from \$494,452 in 2024.

Fiduciary Funds

The Village of Johnson Creek's reporting on fiduciary funds provides information not reflected in the government-wide financial statements. The only fiduciary fund maintained by the Village is the Tax Collection Fund and is used to account for resources held for other funds or taxing jurisdictions.

GENERAL FUND BUDGETARY HIGHLIGHTS

In the 2025 budget, total expenditures were under budget by \$167,501, while total revenues collected were \$187,387 more than budgeted and net other financing uses were \$58,126 more than budgeted.

FIRE/EMS FUND BUDGETARY HIGHLIGHTS

In the 2025 budget, total expenditures were under budget by \$5,161, while total revenues collected were \$91,235 more than budgeted and net other financing sources were \$45,343 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Village of Johnson Creek's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to \$36.3 million (net of accumulated depreciation) down from \$36.8 million at the end of 2024. In years in which there are few major capital purchases and projects, the reason for the steady decline is normal depreciation. Investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

Village of Johnson Creek's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 987,676	\$ 1,572,352	\$ 38,982	\$ 38,982	\$ 1,026,658	\$ 1,611,334
Construction Work in Progress	27,730	2,787,087	1,881,717	1,236,238	1,909,447	4,023,325
Land and Construction Work in Progress	1,015,406	4,359,439	1,920,699	1,275,220	2,936,105	5,634,659
Buildings & Improvements	4,362,292	4,354,143	1,552,967	1,552,967	5,915,259	5,907,110
Equipment	5,806,552	5,860,802	2,006,347	1,946,366	7,812,899	7,807,168
Infrastructure	26,632,146	24,778,492	32,051,053	31,954,050	58,683,199	56,732,542
Other Capital Assets	36,800,990	34,993,437	35,610,367	35,453,383	72,411,357	70,446,820
Accumulated Depreciation	(23,975,661)	(24,874,548)	(15,063,587)	(14,399,539)	(39,039,248)	(39,274,087)
Other Capital Assets, net of depreciation	12,825,329	10,118,889	20,546,780	21,053,844	33,372,109	31,172,733
Total Capital Assets	\$ 13,840,735	\$ 14,478,328	\$ 22,467,479	\$ 22,329,064	\$ 36,308,214	\$ 36,807,392

Capital asset events during the current fiscal year included the following:

- Partial construction of Gosdeck Lane with bridge
- Vehicle and equipment purchases, including a fire air pack and compressor
- Engineering costs for future utility projects

Additional information on the Village of Johnson Creek's capital assets can be found in Note 8 of this report.

Long-Term Debt

At the end of the current fiscal year, the Village of Johnson Creek had total debt outstanding, including unamortized debt premiums and discounts, developer commitments, financed purchase arrangements, and compensated absences, of \$15.2 million, up from \$11.4 million FY 2024. Of this amount, \$12,915,913 comprises debt backed by the full faith and credit of the government. This amount is up from \$4,032,764 in 2024. The remainder of the Village of Johnson Creek's debt represents bonds secured solely by specified revenue sources.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-Term Debt (Continued)

Village of Johnson Creek's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General Obligation Debt	\$ 7,210,913	\$ 7,723,149	\$ 1,310,000	\$ 1,160,000	\$ 8,520,913	\$ 8,883,149
Note Anticipation Notes	1,309,710	-	3,085,290	-	4,395,000	-
Revenue Bonds	-	-	1,487,221	1,587,467	1,487,221	1,587,467
Total Debt Outstanding	\$ 8,520,623	\$ 7,723,149	\$ 5,882,511	\$ 2,747,467	\$ 14,403,134	\$ 10,470,616

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. The Village's current outstanding general obligation debt of \$8,520,913 is 28.3% of its \$30.1 million debt limitation, down from 30.7% FY 2024. This is attributed to new debt issued in 2025, the increase in equalized value, and the ongoing debt payments each year.

Additional information on the Village of Johnson Creek's long-term debt can be found in Note 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

2025 State of Wisconsin estimates indicate the current Johnson Creek population is 3,702. The most recent US Census (2020) results showed a 21.18% increase in population from 2010 to 2020.

Residential building permits issued in 2025 included 6 single-family permits two two-family permits, one four-family permit, and a commercial permit for an orthopedic facility with an estimated cost of \$23,000,000. Construction on a multi-family development of 16 eight-unit buildings for which construction began in late 2024 will extend through 2026.

Assessed valuation of properties in the Village in 2025 was \$595,771,000 including properties in the TIF districts, an increase of \$100,321,300. Equalized valuation (the State of Wisconsin's estimate of the market value of property) increased by \$23,578,500 to \$602,776,000. The ratio of equalized to assessed values as determined by the State of Wisconsin was 98.8%.

Village water rates increased 4.10% in mid-2024 following a simplified rate case. The Village Board also approved a sewer rate increase of 16% with a phased approach. The first 8% sewer rate increase occurred in conjunction with the water rate increase in mid-2024 and the second 8% sewer rate increase was implemented in mid-2025. The Village will file a conventional rate case application for the water utility with the Public Service Commission in 2026.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Elissa Friedl, Clerk/Treasurer
Village of Johnson Creek
125 Depot St.
P.O. Box 238
Johnson Creek, Wisconsin 53038
(920) 699-2296
elissaf@vi.johnsoncreek.wi.gov

BASIC FINANCIAL STATEMENTS

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,036,637	\$ 2,617,503	\$ 6,654,140
Investments	212,605	-	212,605
Receivables			
Taxes	1,838,349	-	1,838,349
Accounts, net	400,802	177,711	578,513
Interest	-	715	715
Internal Balances	(1,914)	1,914	-
Inventories	-	49,318	49,318
Prepaid Expenses	54,121	14,599	68,720
Restricted Assets			
Restricted Cash and Investments	1,617,705	3,923,160	5,540,865
Capital Assets			
Land and Construction in Progress	1,015,406	1,920,699	2,936,105
Other Capital Assets, Net of Depreciation	12,825,329	20,546,780	33,372,109
Total Capital Assets	<u>13,840,735</u>	<u>22,467,479</u>	<u>36,308,214</u>
Total Assets	<u>21,999,040</u>	<u>29,252,399</u>	<u>51,251,439</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	627,812	140,530	768,342
Deferred OPEB Outflows	41,497	9,288	50,785
Unamortized Loss on Debt Defeasance	-	27,903	27,903
Total Deferred Outflows of Resources	<u>669,309</u>	<u>177,721</u>	<u>847,030</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 22,668,349</u>	 <u>\$ 29,430,120</u>	 <u>\$ 52,098,469</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts Payable	\$ 117,617	\$ 186,915	\$ 304,532
Accrued Expenses	123,708	21,230	144,938
Accrued Interest Payable	89,709	52,863	142,572
Long-Term Liabilities			
Due Within One Year	573,725	183,909	757,634
Due in More Than One Year	8,763,545	5,723,785	14,487,330
Net Pension Liability	105,310	23,572	128,882
Net OPEB Liability	76,861	17,205	94,066
Total Liabilities	<u>9,850,475</u>	<u>6,209,479</u>	<u>16,059,954</u>
DEFERRED INFLOWS OF RESOURCES			
2025 Tax Levy	2,501,442	-	2,501,442
Deferred Pension Inflows	314,961	70,503	385,464
Deferred OPEB Inflows	51,865	11,610	63,475
Total Deferred Inflows of Resources	<u>2,868,268</u>	<u>82,113</u>	<u>2,950,381</u>
NET POSITION			
Net Investment in Capital Assets	7,534,709	19,431,375	26,966,084
Restricted:			
Developer Fees	28,867	-	28,867
Tree Planting	8,757	-	8,757
Library	279,171	-	279,171
Room Tax	398,574	-	398,574
Impact Fees	310,243	144,318	454,561
Debt Reserves	47,177	-	47,177
Debt Service Redemption	-	10,828	10,828
Equipment Replacement	-	913,758	913,758
Unrestricted	1,342,108	2,638,249	3,980,357
Total Net Position	<u>9,949,606</u>	<u>23,138,528</u>	<u>33,088,134</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 22,668,349</u>	 <u>\$ 29,430,120</u>	 <u>\$ 52,098,469</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 787,336	\$ 234,463	\$ -	\$ -	\$ (552,873)		\$ (552,873)
Public Safety	1,982,381	730,832	90,570	-	(1,160,979)		(1,160,979)
Public Works	1,291,749	8,476	228,054	168,366	(886,853)		(886,853)
Health and Human Services	9,196	-	-	-	(9,196)		(9,196)
Culture, Recreation, and Education	551,151	19,122	65,669	45,407	(420,953)		(420,953)
Conservation and Development	702,257	137,050	-	-	(565,207)		(565,207)
Interest on Long-term Debt	255,644	-	-	-	(255,644)		(255,644)
Total Governmental Activities	<u>5,579,714</u>	<u>1,129,943</u>	<u>384,293</u>	<u>213,773</u>	<u>(3,851,705)</u>		<u>(3,851,705)</u>
Business-type Activities							
Water	733,880	723,964	-	118,055	-	\$ 108,139	108,139
Sewer	1,495,529	1,055,952	-	138,395	-	(301,182)	(301,182)
Total Business-type Activities	<u>2,229,409</u>	<u>1,779,916</u>	<u>-</u>	<u>256,450</u>	<u>-</u>	<u>(193,043)</u>	<u>(193,043)</u>
Total Governmental and Business-Type Activities	<u>\$ 7,809,123</u>	<u>\$ 2,909,859</u>	<u>\$ 384,293</u>	<u>\$ 470,223</u>	<u>(3,851,705)</u>	<u>(193,043)</u>	<u>(4,044,748)</u>
General Revenues:							
Taxes:							
Property taxes					2,450,923	-	2,450,923
Other taxes					135,489	-	135,489
Special assessments					7,400	-	7,400
Shared taxes from state					511,506	-	511,506
Interest income					258,705	190,926	449,631
Miscellaneous					42,558	2,343	44,901
Special Item - Gain (Loss) on sale of asset					(20,373)	8,040	(12,333)
Transfers					7,822	(7,822)	-
Total general revenues, transfers and special item					<u>3,394,030</u>	<u>193,487</u>	<u>3,587,517</u>
Change in net position					(457,675)	444	(457,231)
Net position - Beginning of Year					10,407,281	23,138,084	33,545,365
Net position - End of Year					<u>\$ 9,949,606</u>	<u>\$ 23,138,528</u>	<u>\$ 33,088,134</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	General Fund	Fire/EMS Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,143,220	\$ 206,308	\$ 1,201,164	\$ 485,945	\$ 4,036,637
Investments	-	-	-	212,605	212,605
Receivables:					
Taxes	1,743,975	-	-	94,374	1,838,349
Accounts	72,750	-	-	46,914	119,664
Developer Loan	35,697	-	-	-	35,697
Other, Net allowance of bad debt	1,263	153,958	17,611	72,609	245,441
Prepaid Expenses	50,347	3,774	-	-	54,121
Restricted Cash	354,113	51,959	51,908	1,159,725	1,617,705
Advances Receivable	231,225	-	120,000	-	351,225
Total Assets	<u>\$ 4,632,590</u>	<u>\$ 415,999</u>	<u>\$ 1,390,683</u>	<u>\$ 2,072,172</u>	<u>\$ 8,511,444</u>
LIABILITIES					
Accounts Payable	\$ 39,031	\$ 2,537	\$ 3,791	\$ 72,258	\$ 117,617
Accrued Liabilities	81,082	34,243	-	8,277	123,602
Advances Payable	-	120,000	-	231,225	351,225
Due to Other Funds	1,913	-	-	-	1,913
Payable to Other Governments	106	-	-	-	106
Total Liabilities	<u>122,132</u>	<u>156,780</u>	<u>3,791</u>	<u>311,760</u>	<u>594,463</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,456,300</u>	<u>102,545</u>	<u>17,611</u>	<u>214,388</u>	<u>2,790,844</u>
FUND BALANCES					
Nonspendable	281,572	3,774	120,000	-	405,346
Restricted	354,113	51,959	51,908	1,530,704	1,988,684
Assigned	270,020	100,941	1,197,373	15,320	1,583,654
Unassigned	1,148,453	-	-	-	1,148,453
Total Fund Balances	<u>2,054,158</u>	<u>156,674</u>	<u>1,369,281</u>	<u>1,546,024</u>	<u>5,126,137</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,632,590</u>	<u>\$ 415,999</u>	<u>\$ 1,390,683</u>	<u>\$ 2,072,172</u>	<u>\$ 8,511,444</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

Total fund balance, governmental funds	\$ 5,126,137
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	13,840,735
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Receivables that are not currently available are reported as deferred inflow of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	253,705
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Developer loan receivables set up for installment are reported as revenue in the Statement of Net Position when earned, but they are recorded as deferred inflows of resources in the fund financial statements.	35,697
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The net pension liability is not a current financial obligation and is, therefore, not reported in the fund financial statements.	(105,310)
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The net OPEB liability is not a current financial obligation and is, therefore, not reported in the fund financial statements.	(76,861)
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Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	669,309
Deferred inflows of resources	(366,826)

Some liabilities (such as General Obligation Debt and Accrued Interest) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued Interest	(89,709)	
Long-term Debt - Current portion	(510,369)	
Long-term Debt	(8,010,254)	
Unamortized Debt Premium	(176,773)	
Developer Commitments	(471,577)	
Financed Purchase Arrangements	(12,000)	
Compensated Absences	(140,537)	
Termination Benefits	(15,760)	
Rounding	(1)	
Total	(9,426,980)	(9,426,980)

Net Position of Governmental Activities in the Statement of Net Position	\$ 9,949,606
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See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	General Fund	Fire/EMS Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 2,372,559	\$ -	\$ -	\$ -	\$ 2,372,559
Other Taxes	34,366	-	-	135,646	170,012
Special Assessment Revenue	7,400	-	-	-	7,400
Intergovernmental	667,281	89,090	-	80,531	836,902
License and Permits	161,278	-	-	-	161,278
Fines, Forfeits and Penalties	41,510	-	-	744	42,254
Public Charges for Services	206,104	331,119	-	54,602	591,825
Intergovernmental Charges for Services	-	229,073	-	-	229,073
Interest and Investment Income	139,993	11,827	34,848	71,973	258,641
Miscellaneous Income	96,341	32,417	29,750	38,758	197,266
Total Revenues	<u>3,726,832</u>	<u>693,526</u>	<u>64,598</u>	<u>382,254</u>	<u>4,867,210</u>
EXPENDITURES					
Current:					
General Government	604,308	107,466	-	55,916	767,690
Public Safety	930,134	819,531	-	-	1,749,665
Public Works	541,648	-	-	-	541,648
Health and Human Services	9,196	-	-	-	9,196
Culture, Recreation and Education	167,192	-	-	279,817	447,009
Conservation and Development	78,489	-	-	222,594	301,083
Capital Outlay	-	-	708,179	186,069	894,248
Debt Service:					
Principal Repayment	365,000	153,236	-	-	518,236
Interest Expense	188,651	46,442	-	26,964	262,057
Total Expenditures	<u>2,884,618</u>	<u>1,126,675</u>	<u>708,179</u>	<u>771,360</u>	<u>5,490,832</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>842,214</u>	<u>(433,149)</u>	<u>(643,581)</u>	<u>(389,106)</u>	<u>(623,622)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Village Property	1	14,168	5,350	-	19,519
Proceeds from Long-Term Debt	-	-	-	1,309,710	1,309,710
Proceeds from Bond Premium	-	-	-	4,165	4,165
Transfers In	258,347	472,352	1,028,799	217,649	1,977,147
Transfers Out	(1,718,800)	(2,318)	-	(104,217)	(1,825,335)
Total Other Financing Sources (Uses)	<u>(1,460,452)</u>	<u>484,202</u>	<u>1,034,149</u>	<u>1,427,307</u>	<u>1,485,206</u>
Net Change in Fund Balances	(618,238)	51,053	390,568	1,038,201	861,584
Fund Balances - Beginning of Year	<u>2,672,396</u>	<u>105,621</u>	<u>978,713</u>	<u>507,823</u>	<u>4,264,553</u>
Fund Balances - End of Year	<u>\$ 2,054,158</u>	<u>\$ 156,674</u>	<u>\$ 1,369,281</u>	<u>\$ 1,546,024</u>	<u>\$ 5,126,137</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

**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: \$ 861,584

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount of capital outlays (\$933,431) net of depreciation (\$946,457) in the current period. (13,026)

Gain (loss) on disposal of capital asset, net trade-in value received. (39,890)

Disposal of land contributed to developer. (584,676)

Governmental funds record revenues when available and collectible. In contrast, such revenues are reported in the Statement of Activities when earned. This represents revenues accrued on the government-wide statements but not on the fund statements. 98,949

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of \$1,309,710 in debt and financed purchase arrangement proceeds during the year, net of principal payments of \$518,236. (791,474)

Proceeds from bond premiums are recorded as current financial resources in the fund statements. In contrast, the Statement of Activities treats premiums as a liability and amortized and recognized over the life of the issuance. This is the net activity during the current year. 8,231

This is the amount of current year developer commitment payments reported as a decrease to the accrued liability. 41,355

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

Change in accrued interest not reflected on governmental funds	(5,917)
Change in compensated absences not reflected on governmental funds	(1,566)

Pension and OPEB expenses reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expenses in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as the differences between the net pension liability and net OPEB liability (asset) from the prior year to the current year, with some adjustments. (31,245)

Change in net position of governmental activities \$ (457,675)

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,003,818	\$ 613,685	\$ 2,617,503
Receivables			
Interest	356	359	715
Accounts	52,639	125,072	177,711
Due from Other Funds	671	1,243	1,914
Inventories	49,318	-	49,318
Prepaid Expenses	4,318	10,281	14,599
Total Current Assets	<u>2,111,120</u>	<u>750,640</u>	<u>2,861,760</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	<u>120,907</u>	<u>3,802,253</u>	<u>3,923,160</u>
Capital Assets:			
Land and Construction in Progress	1,023,192	897,507	1,920,699
Other Capital Assets, Net of Depreciation	<u>6,983,279</u>	<u>13,563,501</u>	<u>20,546,780</u>
Total Capital Assets	<u>8,006,471</u>	<u>14,461,008</u>	<u>22,467,479</u>
Total Assets	<u>10,238,498</u>	<u>19,013,901</u>	<u>29,252,399</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Debt Defeasance	27,903	-	27,903
Deferred Pension Outflows	70,687	69,843	140,530
Deferred OPEB Outflows	<u>4,671</u>	<u>4,617</u>	<u>9,288</u>
Total Deferred Outflows of Resources	<u>103,261</u>	<u>74,460</u>	<u>177,721</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,341,759</u>	<u>\$ 19,088,361</u>	<u>\$ 29,430,120</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 54,231	\$ 132,684	\$ 186,915
Accrued Liabilities	10,626	10,604	21,230
Accrued Interest Payable	-	52,863	52,863
Current Portion of Long-Term Liabilities:			
Revenue Bonds Payable	-	177,120	177,120
Compensated Absences	3,395	3,394	6,789
Total Current Liabilities	<u>68,252</u>	<u>376,665</u>	<u>444,917</u>
Non-Current Liabilities:			
Long-Term Liabilities			
Notes Payable	-	3,310,290	3,310,290
Revenue Bonds Payable	-	2,572,221	2,572,221
Debt Premium	-	7,849	7,849
Compensated Absences	8,667	8,667	17,334
Total Long-Term Liabilities	<u>8,667</u>	<u>5,899,027</u>	<u>5,907,694</u>
Net Pension Liability	11,857	11,715	23,572
Net OPEB Liability	8,654	8,551	17,205
Less: Current Portion	<u>(3,395)</u>	<u>(180,514)</u>	<u>(183,909)</u>
Total Non-Current Liabilities	<u>25,783</u>	<u>5,738,779</u>	<u>5,764,562</u>
Total Liabilities	<u>94,035</u>	<u>6,115,444</u>	<u>6,209,479</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	35,463	35,040	70,503
Deferred OPEB Inflows	<u>5,840</u>	<u>5,770</u>	<u>11,610</u>
Total Deferred Inflows of Resources	<u>41,303</u>	<u>40,810</u>	<u>82,113</u>
NET POSITION			
Net Investment in Capital Assets	8,006,471	11,424,904	19,431,375
Restricted:			
Impact Fees	120,907	23,411	144,318
Debt Service Redemption	-	10,828	10,828
Equipment Replacement	-	913,758	913,758
Unrestricted	<u>2,079,043</u>	<u>559,206</u>	<u>2,638,249</u>
Total Net Position	<u>10,206,421</u>	<u>12,932,107</u>	<u>23,138,528</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 10,341,759</u>	<u>\$ 19,088,361</u>	<u>\$ 29,430,120</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 715,652	\$ 1,052,329	\$ 1,767,981
Other Operating Revenues	8,312	3,623	11,935
Total Operating Revenues	<u>723,964</u>	<u>1,055,952</u>	<u>1,779,916</u>
OPERATING EXPENSES			
Operation and Maintenance	493,629	703,684	1,197,313
Depreciation	226,301	625,121	851,422
Total Operating Expenses	<u>719,930</u>	<u>1,328,805</u>	<u>2,048,735</u>
Operating Income (Loss)	<u>4,034</u>	<u>(272,853)</u>	<u>(268,819)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	87,751	103,175	190,926
Miscellaneous Non-Operating Revenue	1,324	1,019	2,343
Interest Expense	-	(166,724)	(166,724)
Amortization Expense	(13,950)	-	(13,950)
Total Non-Operating Revenues (Expenses)	<u>75,125</u>	<u>(62,530)</u>	<u>12,595</u>
Income (Loss) Before Capital Contributions, Transfers, and Special Items	<u>79,159</u>	<u>(335,383)</u>	<u>(256,224)</u>
Capital Contributions	118,055	282,385	400,440
Transfers Out	(148,014)	(3,798)	(151,812)
Special Item - Gain (Loss) on Capital Assets	<u>8,040</u>	<u>-</u>	<u>8,040</u>
Change in Net Position	57,240	(56,796)	444
Net Position - Beginning of Year	<u>10,149,181</u>	<u>12,988,903</u>	<u>23,138,084</u>
Net Position - End of Year	<u>\$ 10,206,421</u>	<u>\$ 12,932,107</u>	<u>\$ 23,138,528</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 723,988	\$ 1,043,159	\$ 1,767,147
Payments to suppliers	(224,469)	(480,802)	(705,271)
Payments to employees	(266,058)	(252,278)	(518,336)
Net cash provided (used) by operating activities	233,461	310,079	543,540
<u>Cash Flows from Noncapital Financing Activities:</u>			
Taxes Paid to Municipality for Tax Equivalent	(144,216)	-	(144,216)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(154,377)	(318,021)	(472,398)
Proceeds from sale of property	8,040	-	8,040
Proceeds from long-term debt	-	3,310,290	3,310,290
Proceeds from debt premium	-	9,811	9,811
Capital contributions - impact fees	13,954	2,701	16,655
Principal payments on long-term debt	-	(175,246)	(175,246)
Interest and debt issuance costs paid	-	(127,588)	(127,588)
Net cash provided (used) by capital and related financing activities	(132,383)	2,701,947	2,569,564
<u>Cash Flows from Investing Activities:</u>			
Interest income	87,751	103,175	190,926
Net increase (decrease) in cash and equivalents	44,613	3,115,201	3,159,814
<u>Cash and Equivalents, Beginning of Year</u>	2,080,112	1,300,737	3,380,849
<u>Cash and Equivalents, End of Year</u>	<u>\$ 2,124,725</u>	<u>\$ 4,415,938</u>	<u>\$ 6,540,663</u>
<u>Reconciliation to Statement of Net Position:</u>			
Current cash and cash equivalents	\$ 2,003,818	\$ 613,685	\$ 2,617,503
Restricted cash and cash equivalents	120,907	3,802,253	3,923,160
Cash and Equivalents, End of Year	<u>\$ 2,124,725</u>	<u>\$ 4,415,938</u>	<u>\$ 6,540,663</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating Income (Loss)	\$ 4,034	\$ (272,853)	\$ (268,819)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous	(2,474)	(2,779)	(5,253)
Depreciation	234,321	617,101	851,422
Pension expense	5,466	8,938	14,404
OPEB expense	29	(1,174)	(1,145)
Changes in Assets and Liabilities:			
Customer accounts receivable	92	(12,724)	(12,632)
Taxes receivable	(68)	(69)	(137)
Due from/to other funds	79	134	213
Prepayments	(1,124)	(373)	(1,497)
Accounts payable	2,434	(14,105)	(11,671)
Accrued liabilities	(9,328)	(12,017)	(21,345)
Net cash provided (used) by operating activities	<u>\$ 233,461</u>	<u>\$ 310,079</u>	<u>\$ 543,540</u>
Noncash Capital and Related Financing			
Plant financed by TIDs	\$ -	\$ 143,990	\$ 143,990
Plant contributed by Developer	104,101	135,694	239,795
Plant Financed through Accounts Payable	45,087	116,019	161,106
Total noncash capital and related financing	<u>\$ 149,188</u>	<u>\$ 395,703</u>	<u>\$ 544,891</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Tax Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 2,046,018
Receivables:	
Taxes Receivable	5,648,372
Total Assets	<u>\$ 7,694,390</u>
 Total Liabilities	
Due to Other Governments	7,694,390
Total Liabilities	<u>\$ 7,694,390</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Tax Custodial Fund
ADDITIONS	
Property tax collections for other governments	\$ 4,046,896
Total additions	<u>4,046,896</u>
DEDUCTIONS	
Payments of taxes to other governments	<u>4,046,896</u>
Total deductions	<u>4,046,896</u>
 Net increase (decrease) in fiduciary net position	 -
 Net position - Beginning of Year	 <u>-</u>
Net position - End of Year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

1. Nature of Operations

The Village of Johnson Creek (“Village”) is a local government municipality incorporated under the Wisconsin State Statutes as a village. The Village provides the following services to its residents: water service, sewer service, police, fire and EMS, public works, parks, library, administration and others.

2. Summary of Significant Accounting Policies

The accounting policies of the Village conform to accounting principles generally accepted in the United States as established by the Governmental Accounting Standards Board (“GASB”). The Village grants credit to its customers, substantially all of whom are its utility customers, its residents or other municipalities.

The following is a summary of the more significant policies:

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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (a) it is able to impose its will on that organization or (b) 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. This report contains the following blended component unit.

Community Development Authority

This report includes the Community Development Authority (“CDA”) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the board of the Village of Johnson Creek. The CDA meets the criteria of a component unit of the Village. The CDA was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. The CDA itself did not have any financial transactions other than the issuance of CDA debt, which were fully paid off in 2022. The CDA activity was blended with the TIF districts.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Village’s governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by the fees charged to external parties.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

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

Government-Wide Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

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

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

1. 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
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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 funds:

- | | | |
|----------------|-----------------|-------------------------|
| - General Fund | - Fire/EMS Fund | - Capital Projects Fund |
| - Water Fund | - Sewer Fund | |

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

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

The following fund types are used by the Village:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains four such funds:

- TIF #4 – This fund is specifically funded for community improvements within a specific Tax Incremental Financing District (“TIF #4”).
- TIF #5 – This fund is specifically funded for community improvements within a specific Tax Incremental Financing District (“TIF #5”).
- TIF #6 – This fund is specifically funded for community improvements within a specific Tax Incremental Financing District (“TIF #6”).
- Fire/EMS Fund – This fund is specifically funded for operating and maintaining the Fire and EMS Department.
- Room Tax Fund – This fund is specifically funded by hotel tax revenues and the related expenditures.
- Library Fund – This fund is specifically funded for operating and maintaining the Village library.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Village maintains one such fund:

- Capital Project Fund

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Types (Continued)

Enterprise Funds (Continued)

The Village maintains two enterprises funds as listed below:

- Water Fund – This fund represents the self-sustaining activity of water service provided to the Village residences and businesses. The Water Fund is a regulated municipal utility and operates under service rules which are established by the Public Service Commission of Wisconsin (“PSC”). The accounting records are maintained in accordance with the uniform system of accounts prescribed by the PSC.
- Sewer Fund – This fund represents the self-sustaining activity of sewer service provided to the Village residences and businesses. The Sewer Fund is a non-regulated municipal utility which operates under service rules established by the Village Board.

Fiduciary Fund Type

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

The Village reports the following fiduciary funds:

Custodial Funds – Used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

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

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Fund Financial Statements

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease arrangements are reported as other financing sources.

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. "Measurable" means the amount of the transaction can be determined. "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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows 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 deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements (Continued)

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

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

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

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

The preparation of financial statements in conformity with U.S. 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.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The Village is required to invest its funds in accordance with Wisconsin State Statutes. Such statute authorizes the Village to invest any of its funds not immediately needed in:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State.
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- (3) Bonds or securities of any county, drainage district, technical college district, village, city, town, or school district of this State.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Deposits and Investments (Continued)

- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- (5) Bonds or securities issued under the authority of the municipality.
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes.
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Village plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority, the Wisconsin Aerospace Authority, a local exposition district, a local professional baseball park district, a local professional football stadium district, or a local cultural arts district.

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and custodial funds.

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

See Note 3 for additional information.

Temporary Cash Investments

Temporary cash investments consist of certificates of deposit with local banks. These are stated at cost, which approximates market value.

Enterprise Funds Statement of Cash Flows

For purposes of the statement of cash flows, for the enterprise funds, all money market deposits and time deposits with original maturities of three months or less are considered cash equivalents. Any cash investment with an original maturity of over three months and less than one year is reported as temporary cash investments. Restricted assets have been considered cash equivalents.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Property Taxes

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. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school districts and the technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred inflows of resources and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2025 tax roll:

Lien date and levy date	January 1, 2026
Tax bills mailed	December, 2025
Payment in full, or first installment due	January 31, 2026
Second installment due	July 31, 2026

Accounts Receivable

The Village's management charges off all general accounts considered to be uncollectible prior to year end. The Village had an allowance for uncollectible accounts in 2025 as follows:

Fire/EMS Fund	\$55,120
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Inventory

Inventory is valued at the lower of cost or market.

Capital Assets

Fund Financial Statements

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

Accounting principles generally accepted in the United States of America do not require depreciation to be recorded on capital assets for governmental fund financial reporting.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets (Continued)

Government-Wide 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 for infrastructure assets, and an estimated useful life in excess of 2 years for general capital assets and for infrastructure assets. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, and overhead.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, while accumulated depreciation is 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 assets is as follows:

Buildings	40 Years
Improvements	10-35 Years
Equipment	3-10 Years
Infrastructure	25-50 Years

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The Village applies a Last-In, First-Out (LIFO) flows assumption when estimating its compensated absences liability. Under this assumption, employees are considered to use current-year leave before leave earned in prior years.

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

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

In accordance with Village policies, employees may not carry over vacation, other than a select number of employees, or personal time if unused at year end. Employees may accumulate sick leave, to specified maximum amounts, and then convert the accumulated sick leave to paid health care benefits upon retirement.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Long-Term Obligations/Conduit Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable. 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” and payment of principal and interest reported as “Expenditures.” The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

The Village may approve the issuance of industrial revenue bonds (“IRB”) for the benefit of private business enterprises. IRB’s are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds would not be reported as liabilities in the accompanying financial statements. There are no IRB’s outstanding at year-end.

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Village has three items that qualify for reporting in this category.

The net position of the Village is significantly impaired by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Equity Classifications

Government-Wide Statements

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

1. Net Investment of Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (b) law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment of capital assets.”

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

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

1. Nonspendable – Resources which cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
2. Restricted – Resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed – Resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.
4. Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the Village Board or a body or official to which the Village Board has delegated the authority to assign amounts for specific purposes.
5. Unassigned – Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Equity Classifications (Continued)

When restricted and other fund balance resources are available for use, it is the Village's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Any excess of revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the fund balance. The Village will work to achieve and then maintain an unreserved balance in the General Fund to provide for unanticipated expense of a non-recurring nature. It is the goal of the Village to achieve and maintain a General Fund unassigned fund balance at a minimum of 25% of the ensuing year's budgeted General Fund expenditures. It shall be used for either working capital, to help cover revenue shortfalls, unanticipated emergency expenditures, stabilize the tax rate, and provide liquidity. An amount in excess of 30% is to be considered for assignment.

The Village's long-term goal for fund balance is to achieve and then maintain a General Fund balance that would alleviate the need to borrow short-term for operational cash flow needs. The General Fund balance shall not be used for recurring costs in the operating budget.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, a liability is recorded in the government-wide financial statements. The related expenditure is recognized with the liability and is liquidated.

There were no significant claims or judgments at year end that were not covered by insurance.

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.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Other Postemployment Benefits

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 the following:

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

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

E. Limitations on the Village’s Tax Levy

The State has passed current legislation that limits the Village’s future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Village’s equalized value due to new construction, or 0% for the 2024-2025 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

F. Change in Accounting Principles

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

3. Cash and Temporary Cash Investments

Cash for all Village funds are pooled for investment purposes. At December 31, 2025, the cash and investments consist of the following:

Petty Cash	\$ 500
Deposits with Financial Institutions	14,205,517
Local Government Investment Pool	35,006
South Central Library System Foundation	212,605
Total Cash and Investments	<u><u>\$ 14,453,628</u></u>

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

3. Cash and Temporary Cash Investments (Continued)

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

Statement of Net Position	
Cash and Cash Equivalents	\$ 6,654,140
Investments	212,605
Restricted Cash	5,540,865
Statement of Fiduciary Net Position	
Tax Collections Cash	2,046,018
Total Cash and Investments	<u><u>\$ 14,453,628</u></u>

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investments choices.

The Wisconsin Local Government Investment Pool ("LGIP") is part of the State Investment Fund ("SIF"), and is managed by the State of Wisconsin Investment Board ("SWIB"). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village.

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

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

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

3. Cash and Temporary Cash Investments (Continued)

B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2025, the Village had \$14,393,741 of deposit with financial institutions. Of this amount, \$2,025,446 was insured by the FDIC and the State Deposit Guarantee Fund, and \$12,368,295 was collateralized by securities held in the Village's name by local financial institutions.

C. Interest Rate Risk

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

As of December 31, 2025, the Village has the following investments and maturities:

	Fair Value	Weighted Average Maturity (Days)
Local Government Investment Pool	\$ 35,006	13
South Central Library System Foundation	212,605	Not available
Total	<u>\$ 247,611</u>	

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

4. Fair Value Measurement

The Village uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Village’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Village uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Village measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

Assets at Fair Value as of December 31, 2025				
	Fair Value	Level 1	Level 2	Level 3
South Central Library System Foundation	\$ 212,605	\$ 212,605	\$ -	\$ -

The Village’s investment fund held by the South Central Library System Foundation (“Foundation”) represents an agreement between the Village and the Foundation in which the Village transfers assets to the Foundation to be invested in the Foundation’s investment portfolio. The investment funds remain the property of the Village and are available for withdrawal to fund the Village library’s projects or programs.

5. Receivables and Deferred Inflows of Resources

All of the Village’s receivables are expected to be collected within one year.

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

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 2,501,442	\$ 2,501,442
Rental fees	925	-	925
EMS charges	102,545	-	102,545
Developer loan	35,697	-	35,697
Planning Commission Fees	77,245	-	77,245
Grants	29,148	-	29,148
Room tax	43,842	-	43,842
Total Deferred Inflows of Resources	\$ 289,402	\$ 2,501,442	\$ 2,790,844

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

6. Interfund Advances and Transfers

A. Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Interest Rate	Principal Amount	Accrued Interest	Balance 12/31/25
General Fund	TIF #4	3.00%	\$ 184,620	\$ -	\$ 184,620
General Fund	TIF #6	3.00%	46,605	-	46,605
Capital Projects Fund	Fire/EMS Fund	3.00%	120,000	-	120,000
Total All Funds					<u>\$ 351,225</u>

The Village approved the interfund loan from the General Fund to TIF #4 and TIF #6 to be repaid from the increment generated in TIF #4 and TIF #6 with interest of three percent for payment of construction and engineering costs. No repayment schedule has been approved.

The Village approved the interfund loan from the Capital Projects Fund to the Fire/EMS Fund to be repaid from sufficient fund balance from the Fire/EMS Fund with interest of three percent for payment of equipment and vehicle costs. No repayment schedule has been approved.

B. Transfers

The following is a schedule of interfund transfers:

Transferred To	Transferred From	Per Government-Wide Statements	Per Fund Statements	Purpose
General Fund	Room Tax Fund	Eliminated	\$ 82,120	Operations
General Fund	Fire/EMS Fund	Eliminated	2,318	Operations
General Fund	Library Fund	Eliminated	22,097	Operations
Library Fund	General Fund	Eliminated	217,649	Levy
Fire/EMS Fund	General Fund	Eliminated	472,352	Levy
Capital Projects Fund	General Fund	Eliminated	1,028,799	Levy
General Fund	Sewer Fund		3,798	Operations
General Fund	Water Fund		3,798	Operations
General Fund	Water Fund		144,216	Tax Equivalent
Total Transfers - Fund Financials			<u>\$ 1,977,147</u>	
General Fund	Water Fund	\$ (144,216)	\$ -	Tax Equivalent
General Fund	Water Fund	(3,798)	-	Operations
General Fund	Sewer Fund	(3,798)	-	Operations
Sewer Fund	Tax Increment Districts	143,990	-	Capital Contributions
Total Transfers - Government-Wide Statement of Activities		<u>\$ (7,822)</u>	<u>\$ -</u>	

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

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

7. Restricted Cash

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

Fund	Amount	Purpose
General Fund		
Impact Fees	\$ 310,243	The Village collected impact fees from new developments. These fees are restricted in use by State Statutes. The impact fees can be used for public infrastructure improvements, public safety improvements and for parks.
Developer Fees	28,867	The Village collected Westside Development fees that are restricted by Village ordinance for public infrastructure improvements to certain areas within the Village. These fees were set by Village ordinances.
Tree Planting Fees	8,757	The Village is also collecting fees to plant trees from homeowners. These fees were set by Village ordinances.
Debt Reserves	6,246	These amounts have been restricted for the purpose of financing capitalized interest and contingencies.
Total General Fund	<u>354,113</u>	
Library Fund		
Restricted Contributions	<u>19,565</u>	The Village library has received contributions which, according to the contributors, are restricted in use. These funds can only be used for library books and equipment.
Fire Fund		
Debt Reserves	<u>51,959</u>	These amounts have been restricted for the purpose of financing capitalized interest and contingencies.
TID #4		
Unspent Note Proceeds	<u>599,001</u>	The 2025 Note Anticipation Notes restrict the proceeds to TID projects.
TID #5		
Unspent Note Proceeds	<u>510,794</u>	The 2025 Note Anticipation Notes restrict the proceeds to TID projects.
TID #6		
Unspent Note Proceeds	<u>30,365</u>	The 2025 Note Anticipation Notes restrict the proceeds to TID projects.
Capital Projects Fund		
Unspent Note Proceeds	<u>51,908</u>	The 2024 General Obligation Promissory Notes restrict the proceeds to specific capital projects.
Total Governmental Funds	<u><u>\$ 1,617,705</u></u>	

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

7. Restricted Cash (Continued)

Fund	Amount	Purpose
Water		
Impact Fees	\$ 120,907	Collection of impact fees noted above.
Sewer		
Bank Note Proceeds	198,774	Bank note is to be used on a lift station project.
Sewer NANS Proceeds	2,655,482	The 2025 Note Anticipation Notes restrict the proceeds to specific Sewer projects.
Impact Fees	23,411	Collection of impact fees noted above.
Debt Service Redemption	10,828	The 2018 CWFL restricts an amount equal to one-sixth of the next installment of interest coming due and an amount equal to one-twelfth of the installment of principal coming due in the next fiscal year.
Equipment Replacement	913,758	The 2018 CWFL restricts amounts sufficient to meet equipment replacement.
Total Sewer	<u>3,802,253</u>	
Total Proprietary Funds	<u>\$ 3,923,160</u>	

8. Capital Assets

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

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 1,572,352	\$ -	\$ (584,676)	\$ 987,676
Construction in Progress	2,787,087	27,730	(2,787,087)	27,730
Total Non-depreciable Capital Assets	<u>4,359,439</u>	<u>27,730</u>	<u>(3,371,763)</u>	<u>1,015,406</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,354,143	8,149	-	4,362,292
Equipment	5,860,802	184,767	(239,017)	5,806,552
Infrastructure	24,778,492	3,499,872	(1,646,218)	26,632,146
Total Capital Assets Being Depreciated	<u>34,993,437</u>	<u>3,692,788</u>	<u>(1,885,235)</u>	<u>36,800,990</u>
Less Accumulated Depreciation	<u>(24,874,548)</u>	<u>(946,457)</u>	<u>1,845,344</u>	<u>(23,975,661)</u>
Capital Assets Net of Depreciation	<u>\$ 14,478,328</u>	<u>\$ 2,774,061</u>	<u>\$ (3,411,654)</u>	<u>\$ 13,840,735</u>

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

8. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities

General Government	\$ 17,430
Public Safety	195,215
Public Works	639,872
Culture, Recreation, and Education	93,940
Total Governmental Activities Depreciation Expense	<u>\$ 946,457</u>

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

<u>Water</u>	<u>Balance</u> <u>1/1/2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2025</u>
Non-Depreciable Capital Assets:				
Land	\$ 21,004	\$ -	\$ -	\$ 21,004
Construction in Process	880,666	121,522	-	1,002,188
Total Non-Depreciable Capital Assets	<u>901,670</u>	<u>121,522</u>	<u>-</u>	<u>1,023,192</u>
Capital Assets Being Depreciated:				
Buildings	757,987	-	-	757,987
Equipment	1,588,972	22,958	-	1,611,930
Infrastructure	8,476,844	148,682	(123,546)	8,501,980
Total Capital Assets Being Depreciated	<u>10,823,803</u>	<u>171,640</u>	<u>(123,546)</u>	<u>10,871,897</u>
Total Capital Assets	<u>11,725,473</u>	<u>293,162</u>	<u>(123,546)</u>	<u>11,895,089</u>
Less: Accumulated Depreciation	<u>(3,777,843)</u>	<u>(234,321)</u>	<u>123,546</u>	<u>(3,888,618)</u>
Capital Assets Net of Depreciation	<u>\$ 7,947,630</u>	<u>\$ 58,841</u>	<u>\$ -</u>	<u>\$ 8,006,471</u>

Construction work in progress for the Water Utility reported above includes \$1,002,188 related to the costs of starting construction of a potential new well. Current regulatory and environmental standards may make this site not suitable for a future well. The Village intends to pursue using this location and will assess if the regulatory, environmental, and costs factors may result in this asset being impaired. As of December 31, 2025, no adjustment has been made in the financial statements related to potential impairment.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

8. Capital Assets (Continued)

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025
<u>Sewer</u>				
Non-Depreciable Capital Assets:				
Land	\$ 17,978	\$ -	\$ -	\$ 17,978
Construction in Process	355,572	523,957	-	879,529
Total Non-Depreciable Capital Assets	<u>373,550</u>	<u>523,957</u>	<u>-</u>	<u>897,507</u>
Capital Assets Being Depreciated:				
Buildings	794,980	-	-	794,980
Equipment	357,394	37,023	-	394,417
Infrastructure	23,477,206	135,695	(63,828)	23,549,073
Total Capital Assets Being Depreciated	<u>24,629,580</u>	<u>172,718</u>	<u>(63,828)</u>	<u>24,738,470</u>
Total Capital Assets	<u>25,003,130</u>	<u>696,675</u>	<u>(63,828)</u>	<u>25,635,977</u>
Less: Accumulated Depreciation	<u>(10,621,696)</u>	<u>(617,101)</u>	<u>63,828</u>	<u>(11,174,969)</u>
Capital Assets Net of Depreciation	<u>\$ 14,381,434</u>	<u>\$ 79,574</u>	<u>\$ -</u>	<u>\$ 14,461,008</u>
Total Business-Type Capital Assets	<u>\$ 22,329,064</u>	<u>\$ 138,415</u>	<u>\$ -</u>	<u>\$ 22,467,479</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities	
Water-Depreciation	\$ 226,301
Sewer-Depreciation	625,121
Total Business-Type Activities Depreciation Expense	<u>\$ 851,422</u>

9. Long-Term Receivables

The Village approved an agreement with a developer for the development of an assisted living facility. In 2019, the developer completed the first of two phases. The Village agreed to provide a loan to the developer in the amount of \$250,000. The developer will repay the Village over seven years based upon an agreed upon amortization schedule for the loan. The receivable balance outstanding as of December 31, 2025 is \$35,697. See Note 14A for additional information on developer commitments.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

10. Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Notes and Bonds	\$ 7,590,000	\$ -	\$ (490,000)	\$ 7,100,000	\$ 475,000
Note Anticipation Notes	-	1,309,710	-	1,309,710	-
Direct Borrowings or Direct Placements	133,149	-	(22,236)	110,913	35,369
Plus Unamortized Debt Premium	185,004	4,165	(12,396)	176,773	-
Developer Commitments	512,932	-	(41,355)	471,577	37,417
Financed Purchase Arrangements	18,000	-	(6,000)	12,000	6,000
Total Bonds and Notes Payable	<u>8,439,085</u>	<u>1,313,875</u>	<u>(571,987)</u>	<u>9,180,973</u>	<u>553,786</u>
Other Liabilities					
Termination Benefits	-	15,760	-	15,760	15,760
Compensated Absences *	154,731	-	(14,194)	140,537	4,179
Total Other Liabilities	<u>154,731</u>	<u>15,760</u>	<u>(14,194)</u>	<u>156,297</u>	<u>19,939</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 8,593,816</u>	<u>\$ 1,329,635</u>	<u>\$ (586,181)</u>	<u>\$ 9,337,270</u>	<u>\$ 573,725</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
Direct Borrowings - Revenue Bonds	\$ 1,587,467	\$ -	\$ (100,246)	\$ 1,487,221	\$ 102,120
Direct Borrowings - GO Bank Loan	-	225,000	-	225,000	-
General Obligation Notes and Bonds	1,160,000	-	(75,000)	1,085,000	75,000
Note Anticipation Notes	-	3,085,290	-	3,085,290	-
Plus Unamortized Debt Premium	-	9,811	(1,962)	7,849	-
Total Bonds and Notes Payable	<u>2,747,467</u>	<u>3,320,101</u>	<u>(177,208)</u>	<u>5,890,360</u>	<u>177,120</u>
Other Liabilities					
Termination Benefits	-	2,614	-	2,614	2,614
Compensated Absences *	40,784	-	(26,063)	14,721	4,175
Total Other Liabilities	<u>40,784</u>	<u>2,614</u>	<u>(26,063)</u>	<u>17,335</u>	<u>6,789</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,788,251</u>	<u>\$ 3,322,715</u>	<u>\$ (203,271)</u>	<u>\$ 5,907,695</u>	<u>\$ 183,909</u>

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

The Village has a developer agreement that specifies that the Village is to provide a municipal revenue obligation of \$561,000 upon the developer meeting conditions. The conditions of the agreement were met in 2023 and an accrual was included in the government-wide financial statements. Payment amounts are based on 70% of the project increment revenue generated in the TIF district. No interest rate is to be applied to the annual payments. In 2025, the Village made a payment to the developer of \$41,355.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

10. Long-Term Obligations (Continued)

A. Governmental Debt

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

	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25	Current Portion
Governmental Activities						
2016 A Fire and Capital GO Notes	8/15/2016	8/1/2026	1.75-2%	\$ 1,300,000	\$ 180,000	\$ 180,000
2019 Fire GO Notes	3/29/2019	1/31/2026	2.47%	\$ 170,000	35,369	35,369
2021 General GO Bonds	3/1/2021	3/1/2040	2.00%	\$ 3,835,000	3,400,000	195,000
2023 Public Works GO Notes	1/11/2023	12/31/2028	3.95%	\$ 165,544	75,544	-
2024 Fire and Capital GO Notes	8/14/2024	3/1/2044	4.00%	\$ 3,620,000	3,520,000	100,000
2025 TID Sludge Project Note Anticipation Notes	8/13/2025	5/1/2030	3.50%	\$ 1,309,710	1,309,710	-
Total Governmental Activities					\$ 8,520,623	\$ 510,369

Debt service requirements to maturity are as follows:

	Total GO Principal	Total GO Interest	Total Direct Borrowing Principal	Total Direct Borrowing Interest	Total Note Anticipation Notes Principal	Total Note Anticipation Notes Interest	Total Governmental Activities Debt Service
2026	\$ 475,000	\$ 208,450	\$ 35,369	\$ 3,890	\$ -	\$ 55,772	\$ 778,481
2027	330,000	196,300	-	3,025	-	45,840	575,165
2028	365,000	186,450	75,544	1,508	-	45,840	674,342
2029	375,000	175,800	-	-	-	45,840	596,640
2030	385,000	164,850	-	-	1,309,710	22,920	1,882,480
2031-2035	2,095,000	647,250	-	-	-	-	2,742,250
2036-2040	2,340,000	316,300	-	-	-	-	2,656,300
2041-2044	735,000	60,100	-	-	-	-	795,100
	\$ 7,100,000	\$ 1,955,500	\$ 110,913	\$ 8,423	\$ 1,309,710	\$ 216,212	\$ 10,700,758

The Village's general obligation debt limit is equal to 5% of the Village's total equalized value. The Village's debt limit as of December 31, 2025 is \$30,138,800. Debt subject to the limit is \$8,520,913 including \$1,310,000 in Business-Type general obligations noted on the next page.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

10. Long-Term Obligations (Continued)

B. Financed Purchase Arrangements

The Village acquired certain assets through financed purchase arrangements. The gross amount of these assets under the arrangements is \$12,000. Interest expense is considered immaterial to the financial statements overall. Therefore, no amount representing interest is reported. The future minimum payments as of December 31, 2025 are as follows:

Year Ended December 31,	
2026	\$ 6,000
2027	6,000
Total minimum payments	<u>12,000</u>
Less: Amount representing interest	<u>-</u>
Present value of net minimum payments	<u><u>\$ 12,000</u></u>

C. Business-Type Debt

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

	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25	Current Portion
Business-Type Activities						
<u>Sewer Utility</u>						
2018 Clean Water Fund Loan	5/9/2018	5/1/2038	1.87%	\$ 2,156,245	\$ 1,487,221	\$ 102,120
2022 GO Refunding Bonds	8/3/2022	5/1/2037	2.9-3.85%	\$ 1,290,000	1,085,000	75,000
2025 Note Anticipation Notes	8/13/2025	5/1/2030	3.50%	\$ 3,085,290	3,085,290	-
2025 GO Bank Loan	4/30/2025	7/1/2029	5.15%	\$ 225,000	<u>225,000</u>	<u>-</u>
Total Business-Type Activities					<u><u>\$ 5,882,511</u></u>	<u><u>\$ 177,120</u></u>

Debt service requirements to maturity are as follows:

Year	Direct Borrowings - Revenue Bonds			Direct Borrowings - GO Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 102,120	\$ 26,856	\$ 128,976	\$ -	\$ 11,524	\$ 11,524
2027	104,030	24,929	128,959	-	11,524	11,524
2028	105,975	22,965	128,940	-	11,556	11,556
2029	107,957	20,965	128,922	225,000	6,095	231,095
2030	109,976	18,927	128,903	-	-	-
2031-2035	581,507	62,712	644,219	-	-	-
2036-2038	375,656	10,624	386,280	-	-	-
	<u>\$ 1,487,221</u>	<u>\$ 187,978</u>	<u>\$ 1,675,199</u>	<u>\$ 225,000</u>	<u>\$ 40,699</u>	<u>\$ 265,699</u>

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

10. Long-Term Obligations (Continued)

C. Business-Type Debt (Continued)

Year	General Obligation			Note Anticipation Notes		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 75,000	\$ 31,103	\$ 106,103	\$ -	\$ 131,382	\$ 131,382
2027	75,000	29,763	104,763	-	107,986	107,986
2028	80,000	28,423	108,423	-	107,986	107,986
2029	80,000	26,978	106,978	-	107,986	107,986
2030	85,000	25,533	110,533	3,085,290	53,993	3,139,283
2031-2035	475,000	86,054	561,054	-	-	-
2036-2038	215,000	8,348	223,348	-	-	-
	<u>\$ 1,085,000</u>	<u>\$ 236,202</u>	<u>\$ 1,321,202</u>	<u>\$ 3,085,290</u>	<u>\$ 509,333</u>	<u>\$ 3,594,623</u>

D. Bond Covenant Disclosures

Insurance

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

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The Village met the coverage requirement for 2025 as noted below:

	<u>Sewer Utility</u>
<u>Bond Reserves</u>	
Replacement Account	\$ 913,758
Debt Service Redemption Account	10,828
Total	<u>\$ 924,586</u>
 <u>Coverage Covenant Calculation</u>	
Gross Revenue	\$ 1,055,952
Other Revenues	104,194
Operation and Maintenance Expenses - (Excluding Depreciation)	<u>(703,684)</u>
Net Revenues	<u>\$ 456,462</u>
 Maximum annual debt service	 <u>\$ 128,976</u>
 Percent Coverage	 354%
Percent Coverage Required	110%

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan

Plan Description. 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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan (Continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

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

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

During the reporting period, the WRS recognized \$126,152 in contributions from the municipality.

Contribution rates as of December 31, 2025 are:

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2025, the Village reported a liability (asset) of \$128,882 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.00784359%, which was an increase of 0.00072609% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Village recognized pension expense of \$169,941.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 400,252	\$ (376,112)
Net differences between projected and actual earnings on pension plan investments	195,844	-
Changes in assumptions	38,242	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	387	(9,352)
Employer contributions subsequent to the measurement date	133,617	-
Total	<u>\$ 768,342</u>	<u>\$ (385,464)</u>

\$133,617 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

<u>Year Ended December 31:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2026	\$ 74,193
2027	264,111
2028	(67,868)
2029	(21,175)
Total	<u>\$ 249,261</u>

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
	January 1, 2021 - December 31, 2023 Published
Experience Study:	November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases	
Wage Inflation:	3.0%
Seniority/Merit:	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

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

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

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.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

Asset Allocation Targets and Expected Returns¹
As of December 31, 2024

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	38	7.0	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage ³	(12)	3.7	1.1
Total Core Fund	100	7.5	4.8
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

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

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

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

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.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

11. Defined Benefit Pension Plan (Continued)

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's proportionate share of the net pension liability (asset)	\$ 1,209,092	\$ 128,882	\$ (638,574)

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

Allocation of Pension Plan. Pension amounts are allocated between the proprietary funds and governmental activities based on the percentage of required contributions of each fund to the whole.

12. Other Postemployment 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. 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.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

12. Other Postemployment Benefits (Continued)

Contribution rates as of December 31, 2025 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
25% Post Retirement Coverage	20% of Member Contribution

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

Life Insurance Member Contribution Rates*		
For the year ended December 31, 2024		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$505 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At December 31, 2025, the Village reported a liability (asset) of \$94,066 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) 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 0.024044%, which was an increase of 0.000036% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Village recognized OPEB expense of \$8,639.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

12. Other Postemployment Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (9,787)
Net differences between projected and actual earnings on OPEB plan investments	1,292	-
Changes in assumptions	23,081	(52,760)
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,412	(928)
Employer contributions subsequent to the measurement date	-	-
Totals	<u>\$ 50,785</u>	<u>\$ (63,475)</u>

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:	Net Deferred Outflows (Inflows) of Resources
2026	\$ 2,347
2027	(1,251)
2028	(5,397)
2029	(5,390)
2030	197
Thereafter	(3,196)
Total	<u>\$ (12,690)</u>

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

12. Other Postemployment Benefits (Continued)

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:

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

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

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securitan, 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 Interim Credit	40%	2.41%
US Mortgages	Bloomberg US MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

12. Other Postemployment Benefits (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 percent, 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 percent) or 1-percentage-point higher (5.09 percent) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
Village's proportionate share of the net OPEB liability (asset)	\$ 125,733	\$ 94,066	\$ 69,664

Allocation of Other Postemployment Benefits Plan. OPEB amounts are allocated between the proprietary funds and governmental activities based on the percentage of required contributions of each fund to the whole.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

13. Fund Balances

Fund balances on the fund financial statements as of December 31, 2025 include the following:

Nonspendable Fund Balance

General Fund

Advance to Other Funds	\$ 231,225
Prepaid Expenses	50,347
Total General Fund	<u>281,572</u>

Fire/EMS Fund

Prepaid Expenses	<u>3,774</u>
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Capital Projects Fund

Advances to Other Funds	<u>120,000</u>
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Total Nonspendable Fund Balance	<u><u>\$ 405,346</u></u>
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Restricted Fund Balance

General Fund

Impact / Developer Fees	\$ 339,110
Debt Reserves	6,246
Other	8,757
Total General Fund	<u>354,113</u>

Library Fund

Library Expenditures	<u>279,171</u>
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Room Tax Fund

Operations	<u>398,574</u>
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Fire/EMS Fund

Debt Reserves	<u>51,959</u>
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Capital Projects Fund

Unspent Debt Proceeds	<u>51,908</u>
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TIF #4 Fund

Unspent Debt Proceeds	<u>351,522</u>
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TIF #5 Fund

Unspent Debt Proceeds	<u>488,593</u>
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TIF #6 Fund

Unspent Debt Proceeds	<u>12,844</u>
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Total Restricted Fund Balance	<u><u>\$ 1,988,684</u></u>
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VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

13. Fund Balances (Continued)

Assigned Fund Balance

General Fund

Retiree Health Insurance	\$ 124,011
Fund Balance Policy Unassigned Excess	146,009
Total General Fund	<u>270,020</u>

Fire/EMS Fund

Capital Purchases	<u>100,941</u>
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Capital Projects Fund

Future Capital Purchases	<u>1,197,373</u>
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Room Tax Fund

Village Sign	<u>15,320</u>
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Total Assigned Fund Balance	<u>\$ 1,583,654</u>
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Unassigned Fund Balance (Deficit)

<u>General Fund</u>	<u>\$ 1,148,453</u>
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14. Commitments and Contingencies

A. Developer Commitments

In 2019, the Village approved an agreement with a developer for the development of an assisted living facility. As mentioned in Note 9, the Village agreed to provide a loan to the developer in the amount of \$250,000.

In 2023, the Village entered into another developer incentive agreement that specifies that the Village is to provide a municipal revenue obligation of \$2,000,000 upon the developer meeting conditions. Any future payment would be based on actual TIF increment values above the agreed base valuation at the time of the agreement. As of December 31, 2025, the conditions of this agreement had not been met and no liability has been recognized in the financial statements.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

14. Commitments and Contingencies (Continued)

A. Developer Commitments (Continued)

In 2025, the Village entered into a developer incentive agreement that specifies that the Village is to provide a municipal revenue obligation of \$2,600,000 upon the developer meeting conditions. Any future payment would be based on actual TIF increment values above the agreed base valuation at the time of the agreement. As of December 31, 2025, the conditions of this agreement had not been met and no liability has been recognized in the financial statements.

In 2025, the Village approved an agreement with a developer for a storage facility and agreed to convey land parcels to the developer with conditions of minimum tax base development. If not met, the developer must pay the Village \$60,000 for each parcel (\$180,000 total). The agreed date of assessment had not yet been reached, therefore no amount due from the developer has been determined as of December 31, 2025.

B. Construction Commitments

Prior to December 31, 2025, the Village Board approved a Sludge Dewatering Improvement Project for \$3,673,000. As of December 31, 2025, \$456,033 had been spent leaving \$3,216,967 to be spent in future years. Upgrades to the SCADA system for \$72,034 was also approved prior to December 31, 2025.

C. Legal Contingencies

From time to time, the Village may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, no provision has been made in the financial statements.

15. Status of Tax Incremental Financing Districts

The Village has created Tax Incremental Financing Districts (TIF District or TID) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designed area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The District is allowed to collect tax increments until its termination date. Any over-collections are returned to the various taxing entities of the District. The Village becomes liable for any cost not recovered by the termination date. As of December 31, 2025 the Village had three active TIF Districts.

TIF #4 was created by the Village effective July 12, 2021 with a termination date of July 12, 2041. In 2025, TIF #4's project plan was amended, which increased projected expenditures by approximately \$621,000 for a total revised cost plan of \$12,633,680.

TIF #5 was created by the Village effective January 1, 2025, with a termination date of January 1, 2044. The total level of authorized spending on project costs for TIF #5 will be \$15,171,265 to facilitate growth and development over the District's 20-year life.

TIF #6 was created by the Village effective January 1, 2025, with a termination date of January 1, 2044. The total level of authorized spending on project costs for TIF #6 will be \$5,300,000 to facilitate growth and development over the District's 20-year life.

VILLAGE OF JOHNSON CREEK
Notes to the Financial Statements
December 31, 2025

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

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

17. Subsequent Events

Subsequent to year-end, the Village approved the Centennial Park path for \$42,300 and the purchase of a new ambulance for an amount not to exceed \$385,000.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Johnson Creek

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,372,559	\$ 2,372,559	\$ 2,372,559	\$ -
Other Taxes	35,415	35,415	34,366	(1,049)
Special Assessment Revenue	-	-	7,400	7,400
Intergovernmental	654,788	654,788	667,281	12,493
License and Permits	111,840	156,840	161,278	4,438
Fines, Forfeits and Penalties	44,500	44,500	41,510	(2,990)
Public Charges for Services	35,200	103,200	206,104	102,904
Interest Income	132,493	132,493	139,993	7,500
Miscellaneous Income	29,650	39,650	96,341	56,691
Total Revenues	3,416,445	3,539,445	3,726,832	187,387
EXPENDITURES				
Current:				
General Government	531,814	637,814	604,308	33,506
Public Safety	922,781	959,781	930,134	29,647
Public Works	628,184	590,184	541,648	48,536
Health and Human Services	9,250	9,250	9,196	54
Culture, Recreation and Education	201,852	206,852	167,192	39,660
Conservation and Development	89,671	89,671	78,489	11,182
Debt Service:				
Principal Repayment	369,067	369,067	365,000	4,067
Interest Expense	189,500	189,500	188,651	849
Total Expenditures	2,942,119	3,052,119	2,884,618	167,501
Excess (Deficiency) of Revenues Over Expenditures	474,326	487,326	842,214	354,888
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	1	1
Transfers In	315,675	315,675	258,347	(57,328)
Transfers Out	(790,001)	(1,718,001)	(1,718,800)	(799)
Total Other Financing Sources (Uses)	(474,326)	(1,402,326)	(1,460,452)	(58,126)
Net Change in Fund Balance	-	(915,000)	(618,238)	296,762
Fund Balance - Beginning of Year	2,672,396	2,672,396	2,672,396	-
Fund Balance - End of Year	\$ 2,672,396	\$ 1,757,396	\$ 2,054,158	\$ 296,762

See accompanying notes to the required supplementary information

Village of Johnson Creek

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 50,800	\$ 50,800	\$ 89,090	\$ 38,290
Public Charges for Services	288,600	288,600	331,119	42,519
Intergovernmental Charges for Services	228,141	228,141	229,073	932
Interest Income	10,000	10,000	11,827	1,827
Miscellaneous Income	24,750	24,750	32,417	7,667
Total Revenues	602,291	602,291	693,526	91,235
EXPENDITURES				
Current:				
General Government	112,609	112,609	107,466	5,143
Public Safety	830,227	830,227	819,531	10,696
Debt Service:				
Principal Repayment	148,000	148,000	153,236	(5,236)
Interest Expense	41,000	41,000	46,442	(5,442)
Total Expenditures	1,131,836	1,131,836	1,126,675	5,161
Excess (Deficiency) of Revenues Over Expenditures	(529,545)	(529,545)	(433,149)	96,396
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	14,168	14,168
Proceeds from Long-Term Debt	1,017,840	-	-	-
Transfers In	531,863	531,863	472,352	(59,511)
Transfers Out	(2,318)	(2,318)	(2,318)	-
Total Other Financing Sources (Uses)	1,547,385	529,545	484,202	(45,343)
Net Change in Fund Balance	1,017,840	-	51,053	51,053
Fund Balance - Beginning of Year	105,621	105,621	105,621	-
Fund Balance - End of Year	\$ 1,123,461	\$ 105,621	\$ 156,674	\$ 51,053

See accompanying notes to the required supplementary information

**VILLAGE OF JOHNSON CREEK
WISCONSIN RETIREMENT SYSTEM SCHEDULES
December 31, 2025**

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.00784359%	\$ 128,882	\$ 1,346,255	9.57%	98.79%
2023	0.00711750%	105,823	1,164,230	9.09%	98.85%
2022	0.00653345%	346,122	1,049,156	32.99%	95.72%
2021	(0.00617196%)	(497,470)	957,686	(51.95%)	106.02%
2020	(0.00609099%)	(380,268)	879,053	(43.26%)	105.26%
2019	(0.00626922%)	(202,148)	841,583	(24.02%)	102.96%
2018	0.00647614%	230,400	845,401	27.25%	96.45%
2017	(0.00654522%)	(194,335)	863,070	(22.52%)	102.93%
2016	0.00645396%	53,196	862,316	6.17%	99.12%
2015	0.00662708%	107,689	850,888	12.66%	98.20%

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS
FOR THE YEAR ENDED**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 133,617	\$ (133,617)	\$ -	\$ 1,351,737	9.88%
2024	126,352	(126,352)	-	1,346,255	9.39%
2023	102,073	(102,073)	-	1,164,230	8.77%
2022	82,827	(82,827)	-	1,049,156	7.89%
2021	76,003	(76,003)	-	957,686	7.94%
2020	66,209	(66,209)	-	879,053	7.53%
2019	62,555	(62,555)	-	841,583	7.43%
2018	65,058	(65,058)	-	845,401	7.70%
2017	65,710	(65,710)	-	863,070	7.61%
2016	62,734	(62,734)	-	862,316	7.28%

See accompanying notes to the required supplementary information

VILLAGE OF JOHNSON CREEK
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
December 31, 2025

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Collective net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2024	0.02404400%	\$ 94,066	\$ 1,291,000	7.29%	37.20%
2023	0.02400800%	110,452	1,167,000	9.46%	33.90%
2022	0.01965200%	74,872	899,000	8.33%	38.81%
2021	0.01654700%	97,800	765,000	12.78%	29.57%
2020	0.01598400%	87,925	850,000	10.34%	31.36%
2019	0.01414000%	60,211	786,000	7.66%	37.58%
2018	0.01555600%	40,140	737,000	5.45%	48.69%
2017	0.02056000%	61,856	864,607	7.15%	44.81%

SCHEDULE OF VILLAGE'S CONTRIBUTIONS
FOR THE YEAR ENDED

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 552	\$ (552)	\$ -	\$ 1,378,796	0.04%
2024	509	(509)	-	1,291,000	0.04%
2023	489	(489)	-	1,167,000	0.04%
2022	394	(394)	-	899,000	0.04%
2021	338	(338)	-	765,000	0.04%
2020	318	(318)	-	850,000	0.04%
2019	279	(279)	-	786,000	0.04%
2018	299	(299)	-	737,000	0.04%

See accompanying notes to the required supplementary information

VILLAGE OF JOHNSON CREEK
Notes to the Required Supplementary Information
December 31, 2025

1. Annual Operation Budget

The operation budget for all funds is prepared annually by the Village Board. The budget is prepared and presented on the same basis of accounting as the financial statements.

The budget was passed in November 2024. For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. Tentative budget is prepared and made available for public inspection before November 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Village Board may make transfers between the various items in any fund not exceeding the 10% of the total of such fund as set forth in the budget.
6. The Village Board may amend the budget (in other ways) by the same procedures required of its original adoption.

Excess Expenditures over Appropriations

The Village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations as follows

Fund	Department	Final Budget	Actual Expenditures	Variance
Fire/EMS Fund	Principal Repayment	148,000	153,236	(5,236)
Fire/EMS Fund	Interest Expense	41,000	46,442	(5,442)

Revenues and other financing sources were available to fund the excess expenditures.

VILLAGE OF JOHNSON CREEK
Notes to the Required Supplementary Information
December 31, 2025

2. Wisconsin Retirement System Schedules

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

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

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

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

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

VILLAGE OF JOHNSON CREEK
Notes to the Required Supplementary Information
December 31, 2025

2. Wisconsin Retirement System Schedules (Continued)

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

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

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

VILLAGE OF JOHNSON CREEK
Notes to the Required Supplementary Information
December 31, 2025

2. Wisconsin Retirement System Schedules (Continued)

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

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

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

VILLAGE OF JOHNSON CREEK
Notes to the Required Supplementary Information
December 31, 2025

3. Local Retiree Life Insurance Fund Schedule

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

Changes in benefit terms: There were no recent changes in benefit terms.

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

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

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

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

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

SUPPLEMENTARY INFORMATION

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Special Revenue Funds					Other Governmental Funds
	Library Fund	Room Tax Fund	TIF #4	TIF #5	TIF #6	
ASSETS						
Cash and Cash Equivalents	\$ 55,440	\$ 410,874	\$ -	\$ 19,631	\$ -	\$ 485,945
Investments	212,605	-	-	-	-	212,605
Receivables:						
Taxes	-	-	94,374	-	-	94,374
Accounts	-	46,914	-	-	-	46,914
Other, Net	182	-	11,176	30,816	30,435	72,609
Restricted Cash	19,565	-	599,001	510,794	30,365	1,159,725
Total Assets	<u>\$ 287,792</u>	<u>\$ 457,788</u>	<u>\$ 704,551</u>	<u>\$ 561,241</u>	<u>\$ 60,800</u>	<u>\$ 2,072,172</u>
LIABILITIES						
Accounts Payable	\$ 2,210	\$ 53	\$ 26,812	\$ 41,832	\$ 1,351	\$ 72,258
Accrued Liabilities	6,411	-	1,866	-	-	8,277
Advances Payable	-	-	184,620	-	46,605	231,225
Total Liabilities	<u>8,621</u>	<u>53</u>	<u>213,298</u>	<u>41,832</u>	<u>47,956</u>	<u>311,760</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>43,841</u>	<u>139,731</u>	<u>30,816</u>	<u>-</u>	<u>214,388</u>
FUND BALANCES						
Restricted	279,171	398,574	351,522	488,593	12,844	1,530,704
Assigned	-	15,320	-	-	-	15,320
Total Fund Balances	<u>279,171</u>	<u>413,894</u>	<u>351,522</u>	<u>488,593</u>	<u>12,844</u>	<u>1,546,024</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 287,792</u>	<u>\$ 457,788</u>	<u>\$ 704,551</u>	<u>\$ 561,241</u>	<u>\$ 60,800</u>	<u>\$ 2,072,172</u>

**Village of Johnson Creek
Johnson Creek, Wisconsin**

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

	Special Revenue Funds					Other Governmental Funds
	Library Fund	Room Tax Fund	TIF #4	TIF #5	TIF #6	
REVENUES						
Other Taxes	\$ -	\$ 57,282	\$ 78,364	\$ -	\$ -	\$ 135,646
Intergovernmental	65,669	-	14,862	-	-	80,531
Fines, Forfeits and Penalties	744	-	-	-	-	744
Public Charges for Services	-	-	14,783	30,826	8,993	54,602
Interest and Investment Income	33,953	19,692	9,830	8,492	6	71,973
Miscellaneous Income	8,323	-	-	-	30,435	38,758
Total Revenues	108,689	76,974	117,839	39,318	39,434	382,254
EXPENDITURES						
Current:						
General Government	-	-	55,916	-	-	55,916
Culture, Recreation and Education	279,817	-	-	-	-	279,817
Conservation and Development	-	24,316	73,023	67,956	57,299	222,594
Capital Outlay	-	-	113,891	68,187	3,991	186,069
Debt Service						
Interest Expense and Fiscal Charges	-	-	16,598	9,794	572	26,964
Total Expenditures	279,817	24,316	259,428	145,937	61,862	771,360
Excess (Deficiency) of Revenues Over Expenditures	(171,128)	52,658	(141,589)	(106,619)	(22,428)	(389,106)
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	-	681,225	593,325	35,160	1,309,710
Bond Premium	-	-	2,166	1,887	112	4,165
Transfers In	217,649	-	-	-	-	217,649
Transfers Out	(22,097)	(82,120)	-	-	-	(104,217)
Total Other Financing Sources (Uses)	195,552	(82,120)	683,391	595,212	35,272	1,427,307
Net Change in Fund Balances	24,424	(29,462)	541,802	488,593	12,844	1,038,201
Fund Balances (Deficit) - Beginning of Year	254,747	443,356	(190,280)	-	-	507,823
Fund Balances - End of Year	\$ 279,171	\$ 413,894	\$ 351,522	\$ 488,593	\$ 12,844	\$ 1,546,024