

CITY OF KAUKAUNA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Kaukauna
Kaukauna, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 19, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The management of the City of Kaukauna offers all readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the fiscal year ended December 31, 2025. You are encouraged to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$11,636,654 to \$189,574,024; net position of governmental activities increased \$3,111,333 to \$53,479,567 while business type activities net position increased \$8,525,321 to \$136,094,459.
- Total fund balance in governmental funds as of December 31, 2025 is \$29,524,464. Of this balance, \$321,487 is nonspendable, \$21,051,916 is restricted for debt service, capital projects, TIDs and donations, \$3,517,215 is committed for improvements, equipment and redevelopment, \$660,000 is assigned to subsequent years' budgets, and unassigned has a balance of \$3,973,846.
- General fund's total fund balance increased \$351,978 or 5.01%. Staff was able to hold most expenditures close to the budgeted amounts during the year and many came in under the budgeted amount making up for some of the missed revenue.
- General fund revenues and operating transfers in for 2025 were over budget by \$1,017,622. Overall General fund expenditures and operating transfers out for 2025 were under budget by \$178,273 or 0.90% overall. Most expenditures were under budget primarily because of cost control measures in general government, public safety, health and welfare, culture and recreation, and nondepartmental. Transfers out came in over budget.
- At the end of 2025, total fund balance for the general fund is \$7,371,794. The unassigned portion of fund balance \$6,390,307 increased \$564,271 or 9.69%, and it is equal to 30.87% of 2025 budgeted general fund expenditures.
- The City's outstanding general obligation debt decrease \$525,000 from \$48,810,000 to \$48,285,000 for the fiscal year ended December 31, 2025. The city borrowed less general obligated debt in 2025 than it retired.
- The City's outstanding revenue bonds increased \$9,315,000 from \$75,195,000 to \$84,510,000 for the fiscal year ended December 31, 2025.
- Kaukauna Utility's net position increased \$6,546,557 or 6.56% in 2025 as compared to 2024. This increase is in large part due to some favorable nonoperating expenses in addition to an increase in operating revenue.
- Kaukauna Utility's cash and cash equivalents increased \$6,114,988 in 2025. Most cash flow activities remained the same when compared to 2024.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Government-Wide Financial Statements – Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business. The government-wide statements are made up of the statement of net position and the statement of activities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from those functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities (those supported primarily by taxes and intergovernmental revenues) of the City include general government; public safety; public works; health and welfare; culture and recreation; conservation and development, and non-departmental. The business-type activities (those supported by user fees) are Kaukauna Utilities (electric and water utilities), Sanitary Sewer Utility and Storm Water Utility.

The government-wide financial statements can be found on pages 17 to 18 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 purposes or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same activities as governmental activities in the government-wide financial statements; however, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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.

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

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The City maintained 33 individual governmental type funds during 2025. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance sheet for the general fund and debt service fund, which are considered major funds. Data from the remaining 30 governmental type funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the combining statements found later in this report.

The City adopts annual appropriation budgets for several funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 19 to 23 of this report.

Proprietary Funds – Enterprise funds are used to report the functions of the Kaukauna Utilities, storm water utility, and sanitary sewer utility are presented as business-type activities in the government-wide financial statements. Individual fund data for enterprise funds is provided later in this report.

The basic proprietary fund financial statements can be found on pages 24 to 28 of this report.

Notes To The Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 81 of this report.

Supplementary Information – The combining statements referring to non-major governmental funds is presented immediately following the required supplementary information. Required supplementary information and supplementary combining and individual fund statements and schedules can be found on pages 89 to 97 of this report.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed earlier, net position over time, serve as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceed liabilities and deferred inflows of resources for total net position of \$189,574,026 at year-end December 31, 2025.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and Other Assets	\$ 59,167,332	\$ 56,157,324	\$ 63,470,701	\$ 48,711,379	\$ 122,638,033	\$ 104,868,703
Capital Assets	94,466,163	92,172,061	173,416,156	168,226,916	267,882,319	260,398,977
Total Assets	<u>153,633,495</u>	<u>148,329,385</u>	<u>236,886,857</u>	<u>216,938,295</u>	<u>390,520,352</u>	<u>365,267,680</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pension	6,630,999	8,900,098	3,026,539	4,219,692	9,657,538	13,119,790
Related to OPEB	2,741,544	3,087,222	769,616	863,783	3,511,160	3,951,005
Total Deferred Outflows of Resources	<u>9,372,543</u>	<u>11,987,320</u>	<u>3,796,155</u>	<u>5,083,475</u>	<u>13,168,698</u>	<u>17,070,795</u>
LIABILITIES						
Noncurrent Liabilities	82,303,247	83,080,754	94,147,889	85,197,926	176,451,136	168,278,680
Other Liabilities	2,514,748	2,317,020	8,038,196	6,378,124	10,552,944	8,695,144
Total Liabilities	<u>84,817,995</u>	<u>85,397,774</u>	<u>102,186,085</u>	<u>91,576,050</u>	<u>187,004,080</u>	<u>176,973,824</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	19,871,911	18,198,118	-	-	19,871,911	18,198,118
Leases Receivable	-	-	399,446	-	399,446	-
Related to Pension	3,294,384	5,334,918	1,511,591	2,534,080	4,805,975	7,868,998
Related to OPEB	1,542,181	1,017,661	491,431	342,502	2,033,612	1,360,163
Total Deferred Inflows of Resources	<u>24,708,476</u>	<u>24,550,697</u>	<u>2,402,468</u>	<u>2,876,582</u>	<u>27,110,944</u>	<u>27,427,279</u>
NET POSITION						
Net Investment in Capital Assets	37,082,974	29,363,418	86,502,375	85,503,714	123,585,349	114,867,132
Restricted	6,358,403	10,580,633	13,425,766	8,555,031	19,784,169	19,135,664
Unrestricted	10,038,190	10,424,183	36,166,318	33,510,393	46,204,508	43,934,576
Total Net Position	<u>\$ 53,479,567</u>	<u>\$ 50,368,234</u>	<u>\$ 136,094,459</u>	<u>\$ 127,569,138</u>	<u>\$ 189,574,026</u>	<u>\$ 177,937,372</u>

Management's Analysis

By far the largest portion of the City's total net position, \$123,585,349 or 65.19%, is its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure), less any related outstanding indebtedness used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$19,784,169 or 10.44% represents resources that are subject to restrictions regarding their use. The remaining balance of unrestricted net position, \$46,204,508 or 24.37% may be used to meet the government's ongoing obligations to creditors and provide services to its citizens.

Business-type activities total net position increased by \$8,525,321 to \$136,094,459 in 2025, an increase of 6.68%, primarily due to favorable revenue and expense budget outcomes.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

At the end of the current fiscal year, the City can report growth in total net position for governmental activities, and positive balances in all categories of net position for governmental activities as well as for business-type activities.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues						
Charges for Services	\$ 2,305,060	\$ 2,304,449	\$ 76,062,610	\$ 70,947,925	\$ 78,367,670	\$ 73,252,374
Operating Grants and Contributions	1,948,891	1,797,796	-	-	1,948,891	1,797,796
Capital Grants Cnd contributions	2,418,778	4,424,844	956,527	1,572,028	3,375,305	5,996,872
General Revenues						
Property Taxes	15,247,672	15,081,553	-	-	15,247,672	15,081,553
Sales Tax	236,076	210,023	-	-	236,076	210,023
Other Taxes	1,038,399	438,692	-	-	1,038,399	438,692
State and Federal Aids not Restricted to Specific Functions	4,148,293	4,454,204	-	-	4,148,293	4,454,204
Interest and Investment Earnings	2,122,681	2,270,144	1,548,479	1,286,955	3,671,160	3,557,099
Gain on Sale of Capital Assets	-	-	-	-	-	-
Miscellaneous Revenues	505,968	945,260	-	-	505,968	945,260
Total	<u>29,971,818</u>	<u>31,926,965</u>	<u>78,567,616</u>	<u>73,806,908</u>	<u>108,539,434</u>	<u>105,733,873</u>
EXPENSES						
General Government	4,124,510	3,525,074	-	-	4,124,510	3,525,074
Public Safety	9,106,953	7,729,406	-	-	9,106,953	7,729,406
Public Works	7,668,102	6,646,188	-	-	7,668,102	6,646,188
Health and Human Services	3,497	3,498	-	-	3,497	3,498
Culture and Recreation	3,463,917	3,665,179	-	-	3,463,917	3,665,179
Development	2,599,444	3,575,029	-	-	2,599,444	3,575,029
Interest on Debt	2,526,715	2,221,384	-	-	2,526,715	2,221,384
Electric Utility	-	-	58,264,388	53,162,401	58,264,388	53,162,401
Water Utility	-	-	4,609,435	3,942,464	4,609,435	3,942,464
Storm Water Utility	-	-	888,801	922,432	888,801	922,432
Sanitary Sewer Utility	-	-	3,647,018	3,575,475	3,647,018	3,575,475
Total Expenses	<u>29,493,138</u>	<u>27,365,758</u>	<u>67,409,642</u>	<u>61,602,772</u>	<u>96,902,780</u>	<u>88,968,530</u>
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	<u>478,680</u>	<u>4,561,207</u>	<u>11,157,974</u>	<u>12,204,136</u>	<u>11,636,654</u>	<u>16,765,343</u>
TRANSFERS	<u>2,632,653</u>	<u>1,889,932</u>	<u>(2,632,653)</u>	<u>(1,889,932)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>3,111,333</u>	<u>6,451,139</u>	<u>8,525,321</u>	<u>10,314,204</u>	<u>11,636,654</u>	<u>16,765,343</u>
BEGINNING NET POSITION	<u>50,368,234</u>	<u>43,917,095</u>	<u>127,569,138</u>	<u>117,254,934</u>	<u>177,937,372</u>	<u>161,172,029</u>
ENDING NET POSITION	<u>\$ 53,479,567</u>	<u>\$ 50,368,234</u>	<u>\$ 136,094,459</u>	<u>\$ 127,569,138</u>	<u>\$ 189,574,026</u>	<u>\$ 177,937,372</u>

The increase in net position for governmental activities for year ended December 31, 2025 was at 6.18% compared to previous years increase in net position of 14.69% for year ended December 31, 2024. Current year activity increased net position by \$3,111,333.

Business-type activities growth in net position for year ended December 31, 2025 was 6.68% compared with 6.91% for year ended December 31, 2024. Management expects growth to continue at a modest rate especially for business-type activities.

Business-type activities revenue increased \$4,760,708 or 6.45% and expenses increased \$5,806,870 or 9.43% during 2025 primarily due to increased customer demand in the business-type activities.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Debt and Debt Management

	Outstanding 1/1/2025	Issued in 2025	Retired in 2025	Outstanding 12/31/2025	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Notes	\$ 41,809,002	\$ 4,800,000	\$ 4,184,000	\$ 42,425,002	\$ 6,135,000
General Obligation Bonds	6,744,998	-	885,000	5,859,998	725,000
Lease Liability	1,378,243	-	132,118	1,246,125	133,445
Note Anticipation Note	13,440,000	-	-	13,440,000	
Taxable Redevelopment Lease					
Revenue Bonds	6,800,000	-	425,000	6,375,000	425,000
Premium	1,764,499	388,060	359,574	1,792,985	-
Compensated Absences	758,665	371,038	-	1,129,703	112,970
Total Governmental Activities Debt	<u>\$ 72,695,407</u>	<u>\$ 5,559,098</u>	<u>\$ 5,985,692</u>	<u>\$ 72,268,813</u>	<u>\$ 7,531,415</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Notes	\$ 256,000		\$ 256,000	\$ -	\$ -
Revenue Bonds	75,195,000	14,265,000	4,950,000	84,510,000	5,220,000
Direct Placement Revenue Bonds	3,784,175	104,159	164,438	3,723,896	167,759
Subscription Liability	-	81,614	28,400	53,214	27,187
Premium	2,856,665	430,150	483,754	2,803,061	-
Compensated Absences	24,222	15,308	-	39,530	-
Total Business-Type Activities Debt	<u>\$ 82,116,062</u>	<u>\$ 14,896,231</u>	<u>\$ 5,882,592</u>	<u>\$ 91,129,701</u>	<u>\$ 5,414,946</u>

Management's Analysis

Overall, long-term obligations increased from \$154,811,470 in 2024 to \$163,398,514 in 2025. Governmental activities outstanding debt decreased \$426,594 or -0.99%. Whereas the business-type activities outstanding debt increased \$9,013,639 or 10.98%. All general obligation notes and bonds are scheduled to be paid off within ten (10) years and all the revenue bonds are scheduled to be paid off within twenty-five (25) years.

The City has maintained its current Standard & Poor's general obligation bond rating of AA- for the past several years. The current outstanding general obligation bonds and notes of \$48,285,000 is 46.96% of the statutory limit for cities in the State of Wisconsin.

The City's five-year capital improvement plan anticipates general obligation borrowing of approximately \$5,000,000 per year for the next five (5) years.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE GOVERNMENTS' FUNDS

As indicated earlier, the City uses fund accounting to ensure and demonstrate compliance with budgetary finance-related legal requirements.

General Fund Budgetary Analysis

	Final Budget 2025	Actual 2025	Budget Variance Positive (Negative)
REVENUES			
Taxes	\$ 8,486,956	\$ 8,500,697	\$ 13,741
Intergovernmental	5,368,102	5,377,423	9,321
Licenses and Permits	503,400	540,215	36,815
Fines and Forfeits	123,000	98,171	(24,829)
Changes for Services	1,237,190	1,511,260	274,070
Other	538,600	1,153,071	614,471
Transfers In	2,799,620	2,893,653	94,033
Total Revenues	<u>19,056,868</u>	<u>20,074,490</u>	<u>1,017,622</u>
EXPENDITURES			
General Government	3,196,287	3,165,709	30,578
Public Safety	8,394,004	8,116,311	277,693
Public Works	4,005,618	3,986,616	19,002
Health and Welfare	4,800	3,497	1,303
Culture and Recreation	2,832,976	2,551,994	280,982
Conservation and Development	499,181	477,214	21,967
Nondepartmental	824,002	227,549	596,453
Transfers Out	-	1,049,705	(1,049,705)
Total Expenditures	<u>19,756,868</u>	<u>19,578,595</u>	<u>178,273</u>
Net Change in Fund Balance	<u>\$ (700,000)</u>	<u>\$ 495,895</u>	<u>\$ 1,195,895</u>

Management's Analysis

The 2025 general fund budget to actual comparison is showing a surplus of \$495,895. The increase is due to increase in recreation revenues with the moving forward from COVID-19 protocols, and increased interest revenue, in combination with budget savings in expenditures throughout.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Debt Service Fund Budgetary Analysis

	Final Budget 2025	Actual 2025	Budget Variance Positive (Negative)
REVENUES			
Taxes	\$ 4,599,480	\$ 4,599,480	\$ -
Miscellaneous	-	-	-
Total Revenues	<u>4,599,480</u>	<u>4,599,480</u>	<u>-</u>
EXPENDITURES			
Debt Service Principal	5,494,000	5,494,000	-
Debt Service Interest	2,719,934	2,733,973	(14,039)
Total Expenditures	<u>8,213,934</u>	<u>8,227,973</u>	<u>(14,039)</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(3,614,454)</u>	<u>(3,628,493)</u>	<u>(14,039)</u>
OTHER FINANCING SOURCES			
Premium on Debt Issued	220,000	388,060	168,060
Transfers in	3,178,454	3,868,775	690,321
Total Other Financing Sources	<u>3,398,454</u>	<u>4,256,835</u>	<u>858,381</u>
Net Change in Fund Balance	<u>\$ (216,000)</u>	<u>\$ 628,342</u>	<u>\$ 844,342</u>

Management's Analysis

Management takes a conservative approach to budgeting for special assessments. Special assessment projects are funded from the proceeds of long-term borrowing and from resources available in the special assessment fund. The specific projects and the timing of the repayment by individual property owners to repay the assessments vary from year to year. Special assessment funds are transferred into the debt service fund in an amount that approximates the debt services requirement for debt incurred to fund special assessment projects.

GOVERNMENTAL FUNDS

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

As of December 31, 2025, the City's governmental funds reported combined year ending fund balance of \$29,524,464, an increase of \$351,978 for the calendar year 2025. Of the total fund balance, the unassigned fund balance is \$3,973,846, which is ordinarily available for spending at the City's discretion. The remainder of fund balance is not available because it is designated as follows:

- Nonspendable, \$321,487
- Restricted for debt service capital projects, TIDs and donations, \$21,051,916
- Committed, \$3,517,215
- Assigned, \$660,000

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Fund Balance Analysis – General Fund

The total general fund balance increased from \$7,019,816 at calendar year end 2024 to \$7,371,794 for calendar year end 2025. The city council adopted a policy in 2010 to maintain the fund balance at 15% of the operating budget. Fifteen percent of the 2025 operating budget is \$2,963,530. The unassigned general fund balance as of December 31, 2025 was \$6,390,307. The year-end fund balance for 2025 follows the policy that was established in 2010. As a measure of the general fund's liquidity, it is useful to compare both unassigned and total fund balance to budgeted expenditures for 2025. Unassigned fund balance equals 32.34% of budgeted expenditures while total fund balance represents 37.31% of budgeted expenditures for 2025.

Fund Balance Analysis – Debt Service Fund

The debt service fund balance has a balance of \$6,378,001 at year-end 2025, which primarily represents amounts due from other funds. Going forward, the debt service fund is expected to have no balance at yearend except for an amount equal to due from other funds.

Fund Balance Analysis – Special Revenue Funds

The combined non-major special revenue funds have a calendar year-end 2025 fund balance of \$1,792,705. The combined fund balance for special revenue funds increased \$233,021 for calendar year ended 2025.

Fund Balance Analysis – Capital Project Funds

The combined nonmajor capital project funds have a calendar year end 2025 surplus fund balance of \$9,994,978. The ongoing capital funds surplus is due to timing of borrowed funds being spent. Tax Incremental Districts (TID) 4, 8, 9, and environment remediation TID have a deficit, while TID 6, 10, 11 and 12 has a surplus. The intent is to ensure all districts are at a net balance of zero at the time the district close.

PROPRIETARY FUNDS

Net Position Analysis – Stormwater Utility

Unrestricted net position of the Stormwater Utility at the end of the year amounted to \$3,903,065. The total increase in net position was \$1,037,076.

Net Position Analysis – Sanitary Sewer Utility

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$7,256,533. The total increase in net position was \$941,686.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, net of accumulated depreciation is \$267,882,319. Governmental activities capital assets increased in 2025 by 2,294,102 from \$92,172,061 to \$94,466,163. The increase is because of the construction/remodel of the street improvements, etc. The net increase of \$5,189,240 in business-type activities capital assets from \$168,226,916 to \$173,416,156 for the calendar year ended 2025 is result of investment in ongoing system improvements.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

ECONOMIC FACTORS

The City of Kaukauna, Wisconsin benefits from its location in the Fox River Valley. Located south of Green Bay, the city benefits from its favorable location in the Fox River Valley. From 2009 - 2025, the City's tax base, which currently stands at \$2.1 Billion (see following schedule), averaged a 5.24% annual increase. Management believes that tax base growth, which has historically been driven by residential and commercial construction, will increase consistently in the near term. Over the past five years (2021-2025), the city saw an average increase of 11.26%.

Ahlstrom (a.k.a Thilmany), the City's largest employer and largest taxpayer poses some risk to the local economy. However, this concern is mitigated by the City's proximity to numerous employment opportunities located throughout the Fox River Valley and the decreasing assessed value Thilmany relative to the City's overall assessed value over the past several years.

Assessment Year	Equalized Value Including TID's	% Change	Equalized Value Excluding TID's	% Change
2025	\$ 2,056,376,200	11.98	1,907,195,300	10.71
2024	1,836,322,700	7.91	1,722,761,400	8.67
2023	1,701,744,900	16.29	1,585,367,000	14.81
2022	1,463,310,100	11.33	1,380,840,000	13.07
2021	1,314,411,300	8.78	1,221,182,000	8.04
2020	1,208,319,100	4.72	1,130,278,300	3.02
2019	1,153,840,300	6.01	1,097,194,600	6.05
2018	1,088,457,300	5.88	1,034,627,000	5.50
2017	1,027,973,700	4.12	980,725,200	3.79
2016	987,250,900	4.48	944,893,400	4.50
2015	944,939,000	2.38	904,221,100	1.06
2014	922,944,000	3.00	894,717,600	2.39
2013	896,096,700	(0.25)	873,869,600	(0.26)
2012	898,369,100	(3.63)	876,128,200	(3.64)
2011	932,227,600	(0.34)	909,241,100	(0.56)
2010	935,396,400	1.25	914,342,300	1.66
2009	923,842,800	-	899,406,800	-

Standard & Poor's, which currently has the City's debt rated at AA-, supported by very strong budgetary flexibility, very strong liquidity, strong budgetary performance, strong management, adequate economy and very weak debt and contingent liability position tempered by the City's participation in the deep and diverse Fox Cities metropolitan area economy. The City rapidly retires general obligation debt within ten years. Debt service accounts for high, though manageable, expenditures reflecting the City's above average debt burden and rapid principal payout.

The City's sound financial operations will be maintained through prudent financial management and growth in tax base, resulting in increased property tax revenues, which is the City's largest operating revenue source.

The City has garnered significant interest from external developers seeking to expand their operations within its limits. Such developments play a crucial role in the overall functioning of the city, as they contribute to its tax base and enable the provision of quality services without imposing a substantial burden on current property owners. Moreover, the City remains committed to investing in and enhancing the amenities it offers. Exciting upcoming projects will further bolster the long-term investment in the city's infrastructure and amenities.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Kaukauna for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ashley Roehl, Finance Director, City of Kaukauna, 144 W. Second Street, Kaukauna, Wisconsin 54130.

BASIC FINANCIAL STATEMENTS

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 16,113,623	\$ 24,570,047	\$ 40,683,670
Receivables:			
Taxes and Special Charges	10,265,677	15,119	10,280,796
Accounts, Net	549,778	6,837,358	7,387,136
Special Assessments	4,266,404	-	4,266,404
Loans	1,920,790	88,610	2,009,400
Leases	-	399,446	399,446
Internal Balances	14,397	(14,397)	-
Due from Other Governments	1,463	-	1,463
Inventories and Prepaid Items	321,487	4,183,000	4,504,487
Investment in ATC LLC	-	5,074,372	5,074,372
Nonutility Plant, Net	-	282,806	282,806
Regulatory Asset	-	440,272	440,272
Assets Held for Resale	-	236,297	236,297
Restricted Assets:			
Cash and Investments	25,713,713	21,357,771	47,071,484
Capital Assets, Not Being Depreciated	14,364,623	6,962,014	21,326,637
Capital Assets, Being Depreciated and Amortized, Net	80,101,540	166,454,142	246,555,682
Total Assets	<u>153,633,495</u>	<u>236,886,857</u>	<u>390,520,352</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	6,630,999	3,026,539	9,657,538
Other Postemployment Related Amounts	2,741,544	769,616	3,511,160
Total Deferred Outflows of Resources	<u>9,372,543</u>	<u>3,796,155</u>	<u>13,168,698</u>
LIABILITIES			
Accounts Payable	686,424	4,824,148	5,510,572
Accrued and Other Current Liabilities	995,608	867,579	1,863,187
Due to Other Governments	8,095	-	8,095
Accrued Interest Payable	823,963	467,390	1,291,353
Customer Deposits	-	1,343,037	1,343,037
Unearned Revenues	-	536,044	536,044
Short-Term Note Payable	658	-	658
Long-Term Obligations:			
Due Within One Year	7,531,415	5,414,946	12,946,361
Due in More Than One Year	64,737,398	85,714,755	150,452,153
Net Pension Liability	1,119,849	513,830	1,633,679
Net Other Postemployment Benefits	8,914,585	2,504,356	11,418,941
Total Liabilities	<u>84,817,995</u>	<u>102,186,085</u>	<u>187,004,080</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	19,871,911	-	19,871,911
Leases Receivable	-	399,446	399,446
Pension Related Amounts	3,294,384	1,511,591	4,805,975
Other Postemployment Related Amounts	1,542,181	491,431	2,033,612
Total Deferred Inflows of Resources	<u>24,708,476</u>	<u>2,402,468</u>	<u>27,110,944</u>
NET POSITION			
Net Investment in Capital Assets	37,082,974	86,502,375	123,585,349
Restricted:			
Debt Service	6,258,729	13,425,766	19,684,495
Donations	99,674	-	99,674
Unrestricted	10,038,190	36,166,318	46,204,508
Total Net Position	<u>\$ 53,479,567</u>	<u>\$ 136,094,459</u>	<u>\$ 189,574,026</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues			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	\$ 4,124,510	\$ 60,708	\$ -	\$ -	\$ (4,063,802)	\$ -	\$ (4,063,802)
Public Safety	9,106,953	1,200,300	262,603	18,529	(7,625,521)	-	(7,625,521)
Public Works	7,668,102	566,735	1,348,007	2,193,269	(3,560,091)	-	(3,560,091)
Health and Human Services	3,497	1,149	-	-	(2,348)	-	(2,348)
Culture and Recreation	3,463,917	474,902	326,706	146,505	(2,515,804)	-	(2,515,804)
Conservation and Development	2,599,444	1,266	11,575	60,475	(2,526,128)	-	(2,526,128)
Interest and Fiscal Charges	2,526,715	-	-	-	(2,526,715)	-	(2,526,715)
Total Governmental Activities	29,493,138	2,305,060	1,948,891	2,418,778	(22,820,409)	-	(22,820,409)
BUSINESS-TYPE ACTIVITIES							
Electric Utility	58,264,388	63,545,860	-	871,303	-	6,152,775	6,152,775
Water Utility	4,609,435	5,839,846	-	-	-	1,230,411	1,230,411
Kaukauna Utilities	62,873,823	69,385,706	-	871,303	-	7,383,186	7,383,186
Storm Water Utility	888,801	1,941,832	-	85,224	-	1,138,255	1,138,255
Sanitary Sewer Utility	3,647,018	4,735,072	-	-	-	1,088,054	1,088,054
Total Business-Type Activities	67,409,642	76,062,610	-	956,527	-	9,609,495	9,609,495
Total Primary Government	\$ 96,902,780	\$ 78,367,670	\$ 1,948,891	\$ 3,375,305	(22,820,409)	9,609,495	(13,210,914)
GENERAL REVENUES							
Taxes:							
Property Taxes					15,247,672	-	15,247,672
Sales Tax					236,076	-	236,076
Other Taxes					1,038,399	-	1,038,399
Federal and State Grants and Other Contributions							
not Restricted to Specific Functions					4,148,293	-	4,148,293
Interest and Investment Earnings					2,122,681	1,548,479	3,671,160
Miscellaneous					505,968	-	505,968
Transfers					2,632,653	(2,632,653)	-
Total General Revenues and Transfers					25,931,742	(1,084,174)	24,847,568
CHANGE IN NET POSITION					3,111,333	8,525,321	11,636,654
Net Position - Beginning of Year					50,368,234	127,569,138	177,937,372
NET POSITION - END OF YEAR					\$ 53,479,567	\$ 136,094,459	\$ 189,574,026

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

			Capital Projects			
			Tax		Nonmajor	
	General	Debt Service	Incremental	Streets and	Governmental	Total
			District #5	Sidewalks	Funds	
ASSETS						
Cash and Investments	\$ 12,161,242	\$ -	\$ -	\$ -	\$ 3,952,381	\$ 16,113,623
Restricted Cash and Investments	-	2,507,597	7,745,065	2,155,241	13,305,810	25,713,713
Receivables:						
Taxes and Special Charges	6,330,127	2,158,503	319,899	-	1,457,148	10,265,677
Accounts, Net	436,202	-	84,020	14,308	15,248	549,778
Special Assessments	-	-	-	-	4,266,404	4,266,404
Loans	100,000	-	-	-	2,302,450	2,402,450
Due from Other Funds	954,386	8,047,820	-	-	65,328	9,067,534
Due from Other Governments	1,463	-	-	-	-	1,463
Inventories and Prepaid Items	321,487	-	-	-	-	321,487
Total Assets	<u>\$ 20,304,907</u>	<u>\$ 12,713,920</u>	<u>\$ 8,148,984</u>	<u>\$ 2,169,549</u>	<u>\$ 25,364,769</u>	<u>\$ 68,702,129</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 344,191	\$ -	\$ 3,045	\$ 229,651	\$ 110,195	\$ 687,082
Accrued and Other Current Liabilities	995,608	-	-	-	-	995,608
Due to Other Funds	53,347	-	5,379,304	-	3,620,486	9,053,137
Due to Other Governments	8,095	-	-	-	-	8,095
Total Liabilities	<u>1,401,241</u>	<u>-</u>	<u>5,382,349</u>	<u>229,651</u>	<u>3,730,681</u>	<u>10,743,922</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	11,019,713	4,855,099	719,547	-	3,277,552	19,871,911
Other Public Charges, Grants, and Donations	412,159	1,480,820	-	-	-	1,892,979
Loans Receivable	100,000	-	-	-	2,302,450	2,402,450
Special Assessments	-	-	-	-	4,266,403	4,266,403
Total Deferred Inflows of Resources	<u>11,531,872</u>	<u>6,335,919</u>	<u>719,547</u>	<u>-</u>	<u>9,846,405</u>	<u>28,433,743</u>
FUND BALANCES						
Nonspendable	321,487	-	-	-	-	321,487
Restricted	-	6,378,001	2,047,088	1,939,898	10,686,929	21,051,916
Committed	-	-	-	-	3,517,215	3,517,215
Assigned	660,000	-	-	-	-	660,000
Unassigned	6,390,307	-	-	-	(2,416,461)	3,973,846
Total Fund Balances	<u>7,371,794</u>	<u>6,378,001</u>	<u>2,047,088</u>	<u>1,939,898</u>	<u>11,787,683</u>	<u>29,524,464</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,304,907</u>	<u>\$ 12,713,920</u>	<u>\$ 8,148,984</u>	<u>\$ 2,169,549</u>	<u>\$ 25,364,769</u>	<u>\$ 68,702,129</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page \$ 29,524,464

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 the funds. 94,466,163

Other long-term assets are not available to pay current period expenditures
and therefore are deferred in the funds.

Ambulance Charges	1,892,979
Loans Receivable	1,920,790
Special Assessments	4,266,403

Some deferred outflows and inflows of resources reflect changes in
long-term liabilities and are not reported in the funds.

Deferred Outflows Related to Pensions	6,630,999
Deferred Inflows Related to Pensions	(3,294,384)
Deferred Outflows Related to Other Postemployment Benefits	2,741,544
Deferred Inflows Related to Other Postemployment Benefits	(1,542,181)

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.

Bonds and Notes Payable	(69,346,125)
Premium on Debt	(1,792,985)
Compensated Absences	(1,129,703)
Net Pension Liability	(1,119,849)
Other Postemployment Benefit	(8,914,585)
Accrued Interest on Long-Term Obligations	(823,963)

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 53,479,567</u></u>
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CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Tax Incremental District #5	Streets and Sidewalks	Pool and Parks	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	\$ 8,500,697	\$ 4,599,480	\$ 509,792	\$ -	\$ -	\$ 2,912,178	\$ 16,522,147
Special Assessments	-	-	-	-	-	1,800,666	1,800,666
Intergovernmental	5,377,423	-	24,294	-	-	510,143	5,911,860
Licenses and Permits	540,215	-	-	-	-	-	540,215
Fines and Forfeits	98,171	-	-	-	-	-	98,171
Public Charges for Services	1,511,260	-	-	-	-	515,823	2,027,083
Miscellaneous	1,153,071	-	312,760	160,453	-	1,217,233	2,843,517
Total Revenues	17,180,837	4,599,480	846,846	160,453	-	6,956,043	29,743,659
EXPENDITURES							
Current:							
General Government	3,165,710	-	-	-	-	-	3,165,710
Public Safety	8,116,311	-	-	-	-	54,391	8,170,702
Public Works	3,986,616	-	-	-	-	136,764	4,123,380
Health and Human Services	3,497	-	-	-	-	-	3,497
Culture and Recreation	2,551,994	-	-	-	-	147,256	2,699,250
Conservation and Development	477,214	-	906,112	-	-	1,053,798	2,437,124
Nondepartmental	227,549	-	-	-	-	-	227,549
Debt Service:							
Principal	132,118	5,494,000	-	-	-	-	5,626,118
Interest and Fiscal Charges	11,798	2,733,973	-	-	-	612	2,746,383
Capital Outlay	-	-	35	3,449,517	-	3,729,647	7,179,199
Total Expenditures	18,672,807	8,227,973	906,147	3,449,517	-	5,122,468	36,378,912
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,491,970)	(3,628,493)	(59,301)	(3,289,064)	-	1,833,575	(6,635,253)
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	1,649,104	-	3,150,896	4,800,000
Premium on Debt Issued	-	388,060	-	-	-	-	388,060
Transfers In	2,893,653	3,868,775	600,000	2,133,000	-	439,439	9,934,867
Transfers Out	(1,049,705)	-	(1,213,981)	-	-	(5,038,528)	(7,302,214)
Total Other Financing Sources (Uses)	1,843,948	4,256,835	(613,981)	3,782,104	-	(1,448,193)	7,820,713
NET CHANGE IN FUND BALANCES	351,978	628,342	(673,282)	493,040	-	385,382	1,185,460
Fund Balances - Beginning of Year, as Originally Stated	7,019,816	5,749,659	2,720,370	1,446,858	5,702,477	5,699,824	28,339,004
Change Within Financial Reporting Entity Major to Nonmajor Fund	-	-	-	-	(5,702,477)	5,702,477	-
Fund Balance - Beginning of Year, as Adjusted	7,019,816	5,749,659	2,720,370	1,446,858	-	11,402,301	28,339,004
FUND BALANCES - END OF YEAR	<u>\$ 7,371,794</u>	<u>\$ 6,378,001</u>	<u>\$ 2,047,088</u>	<u>\$ 1,939,898</u>	<u>\$ -</u>	<u>\$ 11,787,683</u>	<u>\$ 29,524,464</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 1,185,460

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

Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation and amortization expense.

Capital Assets Reported as Expenditures in Governmental Fund Statements	6,842,269
Depreciation and Amortization Expense Reported in the Statement of Activities	(4,548,167)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	92,933
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Debt issued provides current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the Statement of Net Position.
Repayment of bond principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net Position.

Long-Term Debt Issued	(4,800,000)
Principal Repaid	5,494,000
Interest Accrued on Long-Term Debt	(139,906)
Premium on Debt Issued, Including Current Year Amortization	(28,486)
Lease Liability Paid	132,118

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

Compensated Absences	(371,038)
Net Pension Liability	(124,031)
Deferred Outflows of Resources Related to Pensions	(2,269,099)
Deferred Inflows of Resources Related to Pensions	2,040,534
Other Postemployment Benefits	474,944
Deferred Outflows of Resources Related to Other Postemployment Benefits	(345,678)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(524,520)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 3,111,333
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CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 8,486,956	\$ 8,486,956	\$ 8,500,697	\$ 13,741
Intergovernmental	5,368,102	5,368,102	5,377,423	9,321
Licenses and Permits	503,400	503,400	540,215	36,815
Fines and Forfeits	123,000	123,000	98,171	(24,829)
Public Charges for Services	1,237,190	1,237,190	1,511,260	274,070
Miscellaneous	538,600	538,600	1,153,071	614,471
Total Revenues	16,257,248	16,257,248	17,180,837	923,589
EXPENDITURES				
Current:				
General Government	3,196,287	3,196,287	3,165,710	30,577
Public Safety	8,394,004	8,394,004	8,116,311	277,693
Public Works	4,005,618	4,005,618	3,986,616	19,002
Health and Human Services	4,800	4,800	3,497	1,303
Culture and Recreation	2,832,976	2,832,976	2,551,994	280,982
Conservation and Development	499,181	499,181	477,214	21,967
Nondepartmental	824,002	824,002	227,549	596,453
Debt Service:				
Principal	-	-	132,118	(132,118)
Interest and Fiscal Charges	-	-	11,798	(11,798)
Total Expenditures	19,756,868	19,756,868	18,672,807	1,084,061
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(3,499,620)	(3,499,620)	(1,491,970)	2,007,650
OTHER FINANCING SOURCES (USES)				
Transfers In	2,799,620	2,799,620	2,893,653	94,033
Transfers Out	-	-	(1,049,705)	(1,049,705)
Total Other Financing Sources (Uses)	2,799,620	2,799,620	1,843,948	(955,672)
NET CHANGE IN FUND BALANCE	(700,000)	(700,000)	351,978	1,051,978
Fund Balance - Beginning of Year	5,288,346	5,288,346	7,019,816	1,731,470
FUND BALANCE - END OF YEAR	<u>\$ 4,588,346</u>	<u>\$ 4,588,346</u>	<u>\$ 7,371,794</u>	<u>\$ 2,783,448</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS
DECEMBER 31, 2025

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 16,927,591	\$ 3,775,847	\$ 3,866,609	\$ 24,570,047
Restricted Cash and Investments	341,333	-	-	341,333
Receivables:				
Taxes and Special Charges	-	1,645	13,474	15,119
Accounts, Net	6,836,458	-	900	6,837,358
Due from Other Funds	80,529	320,748	3,350,896	3,752,173
Inventories and Prepaid Items	4,183,000	-	-	4,183,000
Total Current Assets	28,368,911	4,098,240	7,231,879	39,699,030
Restricted Assets:				
Cash and Investments	11,559,936	1,982,671	7,473,831	21,016,438
Other Assets:				
Loans Receivable	88,610	-	-	88,610
Leases Receivable	399,446	-	-	399,446
Investment in ATC LLC	5,074,372	-	-	5,074,372
Regulatory Asset	440,272	-	-	440,272
Nonutility Plant, Net	282,806	-	-	282,806
Property Held for Future Use	236,297	-	-	236,297
Total Other Assets	6,521,803	-	-	6,521,803
Capital Assets:				
Nondepreciable	6,225,130	43,632	693,252	6,962,014
Depreciable, Net	131,203,214	12,615,397	22,635,531	166,454,142
Total Capital Assets	137,428,344	12,659,029	23,328,783	173,416,156
Total Assets	183,878,994	18,739,940	38,034,493	240,653,427
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	2,889,901	59,895	76,743	3,026,539
Other Postemployment Related Amounts	766,138	1,533	1,945	769,616
Total Deferred Outflows of Resources	3,656,039	61,428	78,688	3,796,155

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2025

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 4,282,622	\$ 105,545	\$ 435,981	\$ 4,824,148
Accrued and Other Current Liabilities	861,768	1,452	4,359	867,579
Due to Other Funds	3,744,747	-	21,823	3,766,570
Customer Deposits	1,343,037	-	-	1,343,037
Unearned Revenues	502,038	3,700	30,306	536,044
Current Portion of Long-Term Debt:				
Subscription Payable	27,187	-	-	27,187
Revenue Bonds	4,542,759	395,000	450,000	5,387,759
Accrued Interest Payable	119,738	87,667	259,985	467,390
Total Current Liabilities	<u>15,423,896</u>	<u>593,364</u>	<u>1,202,454</u>	<u>17,219,714</u>
Long-Term Obligations, Less Current Portion:				
Revenue Bonds	57,806,137	8,570,000	16,470,000	82,846,137
Compensated Absences	-	10,922	28,608	39,530
Debt Premium	2,574,900	15,972	212,189	2,803,061
Subscription Payable	26,027	-	-	26,027
Net Pension Liability	490,461	1,637	21,732	513,830
Net Other Postemployment Benefits	2,492,848	13,735	(2,227)	2,504,356
Total Long-Term Liabilities	<u>63,390,373</u>	<u>8,612,266</u>	<u>16,730,302</u>	<u>88,732,941</u>
Total Liabilities	78,814,269	9,205,630	17,932,756	105,952,655
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	1,442,843	30,300	38,448	1,511,591
Other Postemployment Related Amounts	483,037	3,700	4,694	491,431
Leases	399,446	-	-	399,446
Total Deferred Inflows of Resources	<u>2,325,326</u>	<u>34,000</u>	<u>43,142</u>	<u>2,402,468</u>
NET POSITION				
Net Investment in Capital Assets	69,607,187	4,898,626	11,996,562	86,502,375
Restricted:				
Debt Service	11,781,531	760,047	884,188	13,425,766
Unrestricted	<u>25,006,720</u>	<u>3,903,065</u>	<u>7,256,533</u>	<u>36,166,318</u>
Total Net Position	<u>\$ 106,395,438</u>	<u>\$ 9,561,738</u>	<u>\$ 20,137,283</u>	<u>\$ 136,094,459</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 68,573,949	\$ 1,941,832	\$ 4,735,072	\$ 75,250,853
Other	746,396	-	-	746,396
Total Operating Revenues	69,320,345	1,941,832	4,735,072	75,997,249
OPERATING EXPENSES				
Operation and Maintenance	53,123,858	319,189	2,463,102	55,906,149
Depreciation	6,491,813	193,332	459,059	7,144,204
Taxes	1,436,296	9,534	-	1,445,830
Total Operating Expenses	61,051,967	522,055	2,922,161	64,496,183
OPERATING INCOME	8,268,378	1,419,777	1,812,911	11,501,066
NONOPERATING REVENUES (EXPENSES)				
Interest Income	1,540,925	2,400	5,154	1,548,479
Merchandising and Jobbing	65,361	-	-	65,361
Interest and Fiscal Charges	(2,236,621)	(366,746)	(724,857)	(3,328,224)
Amortization of Debt Discount/Premium	298,054	-	-	298,054
Miscellaneous Revenues (Expenses)	116,711	-	-	116,711
Total Nonoperating Revenues (Expenses)	(215,570)	(364,346)	(719,703)	(1,299,619)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,052,808	1,055,431	1,093,208	10,201,447
Capital Contributions	871,303	85,224	-	956,527
Transfers Out	(2,377,552)	(103,579)	(151,522)	(2,632,653)
CHANGE IN NET POSITION	6,546,559	1,037,076	941,686	8,525,321
Net Position - Beginning of Year	99,848,879	8,524,662	19,195,597	127,569,138
NET POSITION - END OF YEAR	<u>\$ 106,395,438</u>	<u>\$ 9,561,738</u>	<u>\$ 20,137,283</u>	<u>\$ 136,094,459</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 67,379,864	\$ 1,941,332	\$ 4,749,752	\$ 74,070,948
Cash Paid for Employee Wages and Benefits	(6,341,173)	(203,889)	(281,112)	(6,826,175)
Cash Paid to Suppliers	(45,431,625)	(385,742)	(1,937,423)	(47,754,789)
Net Cash Provided by Operating Activities	15,607,066	1,351,701	2,531,217	19,489,984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous Revenues (Expenses)	116,711	-	-	116,711
Merchandising and Jobbing	65,361	-	-	65,361
Due to/from Other Funds	193,290	(16,700)	(172,427)	4,163
Transfers In/Out	(2,377,552)	(103,579)	(151,522)	(2,632,653)
Net Cash Used by Noncapital Financing Activities	(2,002,190)	(120,279)	(323,949)	(2,446,418)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(9,751,522)	(312,480)	(1,358,915)	(11,422,917)
Capital Contributions	-	326	(6,025)	(5,699)
Principal Paid on Long-Term Debt	(4,289,438)	(631,000)	(450,000)	(5,370,438)
Interest Paid on Long-Term Debt	(2,214,791)	(375,738)	(385,411)	(2,975,940)
Principal Paid on Subscription Liability	(28,400)	-	-	(28,400)
Proceeds of Long-Term Debt	7,719,159	-	6,650,000	14,369,159
Premium on Long-Term Debt	233,177	-	-	233,177
Debt Issuance Costs Paid	(175,762)	-	-	(175,762)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,507,577)	(1,318,892)	4,449,649	(5,376,820)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	1,424,777	2,400	5,154	1,432,331
Investment in ATC LLC	(407,088)	-	-	(407,088)
Net Cash Provided by Investing Activities	1,017,689	2,400	5,154	1,025,243
CHANGE IN CASH AND CASH EQUIVALENTS	6,114,988	(85,070)	6,662,071	12,691,989
Cash and Cash Equivalents - Beginning of Year	22,713,872	5,843,588	4,678,369	33,235,829
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 28,828,860</u>	<u>\$ 5,758,518</u>	<u>\$ 11,340,440</u>	<u>\$ 45,927,818</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 8,268,378	\$ 1,419,777	\$ 1,812,911	\$ 11,501,066
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	6,491,813	193,332	459,059	7,144,204
Depreciation Charged to Operating Accounts	352,949	-	-	352,949
Regulatory Asset	220,135	-	-	220,135
Depreciation on Nonutility Plant	8,680	-	-	8,680
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Pension Asset/Liability	200,107	(7,026)	8,274	201,355
Pension Related Deferred Outflows	-	18,396	41,495	59,891
Pension Related Deferred Inflows	-	(16,111)	(33,653)	(49,764)
Other Postemployment Benefits Liability	139,014	8,109	(10,967)	136,156
Other Postemployment Benefits Liability Related Deferred Outflows	-	564	1,312	1,876
Other Postemployment Benefits Liability Related Deferred Inflows	-	635	(67)	568
Change in Operating Assets and Liabilities:				
Accounts Receivables, Net of Allowance	(1,477,558)	-	250	(1,477,308)
Loans Receivable	81,881	-	-	81,881
Inventories and Prepaid Items	(248,239)	-	-	(248,239)
Accounts Payable	1,904,342	(268,637)	228,160	1,863,865
Accrued and Other Current Liabilities	210,368	3,162	10,013	223,543
Customer Deposits	(212,661)	-	-	(212,661)
Unearned Revenues	(332,143)	(500)	14,430	(318,213)
Net Cash Provided by Operating Activities	<u>\$ 15,607,066</u>	<u>\$ 1,351,701</u>	<u>\$ 2,531,217</u>	<u>\$ 19,489,984</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments in Current Assets	\$ 16,927,591	\$ 3,775,847	\$ 3,866,609	\$ 24,570,047
Cash and Investments in Restricted Assets	11,901,269	1,982,671	7,473,831	21,357,771
Total Cash and Cash Equivalents	<u>\$ 28,828,860</u>	<u>\$ 5,758,518</u>	<u>\$ 11,340,440</u>	<u>\$ 45,927,818</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
ATC Dividends Reinvested	<u>\$ 116,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,148</u>
Acquisition of Capital Assets Purchase on Account	<u>\$ 2,844,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,844,147</u>
Developer Financed Additions to Utility Plant	<u>\$ 987,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,451</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2025**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 10,755,827
Taxes Receivable	<u>8,609,234</u>
Total Assets	19,365,061
 DEFERRED INFLOW	
Property Taxes Levied for Subsequent Year	<u>19,365,061</u>
 NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

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

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 17,788,821
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>17,788,821</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected eight member council. Included in the City's operations (the primary government) are the City's Electric and Water Utilities, managed by a separate commission appointed by the City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements as required by standards.

Redevelopment Authority

The Redevelopment Authority of the City of Kaukauna provides services entirely to the City of Kaukauna. Although it is legally separate from the City, the Redevelopment Authority is blended and reported as if it were part of the primary government because of the nature of its relationship with the City. The Redevelopment Authority does not issue separate financial statements.

B. Related Organization

The City's officials are also responsible for appointing the members of the board of another organization, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, this organization is not included in the City's reporting entity. The City Council appoints some or all of the members of the following related organization:

Housing Authority of the City of Kaukauna

The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Kaukauna nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds – Streets and Sidewalks

These funds are used to account for the capital expenditures related to the City's streets and sidewalks.

Tax Incremental District #5

This fund accounts for the activity related to the City's Tax Incremental District #5.

The City reports the following major enterprise funds:

Kaukauna Utilities

This fund accounts for the provision of electric service to City residents, businesses, public authorities and the communities of Little Chute and Combined Locks, Wisconsin and the provision of water service to City residents, businesses, and public authorities.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Stormwater Utility

This fund accounts for the provision of storm water management to City residents, businesses, and public authorities.

Sanitary Sewer Utility

This fund accounts for the provision of wastewater collection to City residents, businesses, and public authorities.

Tax Collection Custodial Fund

The tax collection custodial fund accounts for property taxes and specials collected on behalf of other governments.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City of Kaukauna the right-to-use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value or amortized cost. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes and Special Charges Receivable (Continued)

The City bills and collects its own property taxes and also levies and collects taxes for the Kaukauna School District, Outagamie County and Fox Valley Technical College.

3. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$1,949,642.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2025 tax roll are recognized as revenue in 2026.)

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Investment in American Transmission Company (ATC)

The City's Electric Utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The Utility owns less than ½ of 1% of ATC.

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the Utility has the option to contribute additional funds to maintain its proportionate share of ownership. The investment is valued at net asset value per share which is equal to the original cost plus additional contributions and reinvested dividends and approximates fair value.

10. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets, except intangible right-to-use lease assets, the measurement of which is discussed in Note 1.E.15 below, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
	Years	
Buildings	20 to 40	25 to 50
Improvements Other Than Buildings	10 to 20	25 to 100
Machinery and Equipment	3 to 20	3 to 10
Infrastructure	18 to 70	70
Right-to-Use Lease Asset - Buildings	3 to 5	3 to 5

11. Regulatory Asset

During 2017, a large industrial customer of the Utilities went into receivership, resulting in an uncollectible receivable of \$2,201,357. The Utilities subsequently requested the Public Service Commission of Wisconsin (PSC) to allow the Utilities to recover this cost in future years. The PSC subsequently authorized the Utilities to amortize this cost over 10 years and allowed an annual uncollectible expense of \$220,136 to be included in the Utilities revenue requirement beginning in 2018. The Utilities expects that the PSC will continue to include this amortization in its revenue requirement through 2028, and will amortize the asset in accordance with the PSC order.

12. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments, loan and developer receivables, and other public charges, grants and donations. These inflows are recognized as revenues in the government-wide financial statements.

14. Long-Term Obligations

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

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

15. Leases

The City is a lessee for space usage.

Lessee

The City recognizes a lease liability and an intangible right-to-use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Leases (Continued)

Lessee (Continued)

At the commencement of a lease, the City determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a lease liability. Then the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

An intangible right-to-use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to-use lease asset is reported with the City capital assets in its own category called Leased Assets (Right-to-Use).

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The City accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the City treats the components as a single lease unit.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. 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.

17. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

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

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

18. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has authorized the City Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

18. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation or amortization, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. Use of Estimates

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

G. Subsequent Event

On April 1, 2026, the City issued \$10,000,000 General Obligation Promissory Notes, Series 2026A to be used for public purposes including paying for improvements to parks and pools, buildings, and acquisitions of vehicles and equipment.

On April 1, 2026, the City issued \$2,300,000 Storm Water System Revenue Bond Anticipation Notes, Series 2026B to fund the costs of certain improvements, additions and extensions and acquisitions of the Storm Water System.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, certain special revenue, debt service funds and certain capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund, certain special revenue funds, debt service funds and certain capital projects funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

B. Excess of Expenditures over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2025 as follows:

Funds	Excess Expenditures
Debt Service Fund:	
Interest and Fiscal Charges	\$ 14,039

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2025:

Funds	Deficit Fund Balance
Capital Projects Funds:	
Special Assessments	\$ 93,487
Tax Incremental District #4	357,928
Tax Incremental District #8	1,368,838
Tax Incremental District #9	29,977
Tax Incremental District #12	531,843
Environmental Remediation TID	34,388

The City anticipates funding the above deficits from future revenues and tax levies of the funds.

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2025 and 2026 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2025 budget was 2.648%. The actual limit for the City for the 2026 budget was 4.228%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$98,510,981 on December 31, 2025, as summarized below:

Petty Cash and Cash on Hand	\$ 2,035
Deposits with Financial Institutions	48,245,582
Investments:	
Bond Mutual Funds	428,317
Wisconsin Investment Series Cooperative (WISC):	
CMS Series	804,004
IS Series	599,976
LTD Series	944,743
TS Series	501,180
Negotiable Certificates of Deposit	245,381
Repurchase Sweep Agreements	-
Money Market Mutual Funds	761,317
U.S. Treasury Notes and Bonds	2,768,463
Wisconsin Local Government Investment Pool	43,209,983
Total	<u>\$ 98,510,981</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 40,683,670
Restricted Cash and Investments	47,071,484
Fiduciary Fund Statement of Net Position:	
Custodial Fund	10,755,827
Total	<u>\$ 98,510,981</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

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

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasuries	\$ 2,768,463	\$ -	\$ -
Wisconsin Investment Series			
Cooperative (WISC) LTD Series	-	944,743	-
Bond Mutual Funds	428,317	-	-
Negotiable Certificates of Deposit	-	245,381	-
Money Market Mutual Funds	-	761,317	-
Total	<u>\$ 3,196,780</u>	<u>\$ 1,951,441</u>	<u>\$ -</u>

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

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

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

As of December 31, 2025, \$14,546,731 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Money Market Mutual Funds	\$ 761,317	\$ -	\$ -	\$ -	\$ 761,317
Mutual Bond Funds	428,317	-	-	-	428,317
U.S. Treasuries	2,768,463	2,768,463	-	-	-
Negotiable Certificates of Deposit	245,381	-	-	-	245,381
WISC Investments:					
CMS Series	804,004	-	804,004	-	-
IS Series	599,976	-	599,976	-	-
LTD Series	944,743	-	-	944,743	-
TS Series	501,180	-	501,180	-	-
Wisconsin Local Government Investment Pool	43,209,983	-	-	-	43,209,983
Totals	<u>\$ 50,263,364</u>	<u>\$ 2,768,463</u>	<u>\$ 1,905,160</u>	<u>\$ 944,743</u>	<u>\$ 44,644,998</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. At December 31, 2025, the City had no investments in one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of December 31, 2025, the Wisconsin Local Government Investment Pool had a weighted average maturity of 13 days. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money Market Mutual Funds	\$ 761,317	\$ 761,317	\$ -	\$ -	\$ -
Mutual Funds	428,317	428,317	-	-	-
U.S. Treasuries	2,768,463	551,967	1,101,605	1,114,891	-
WISC Investments:					
CMS Series	804,004	804,004	-	-	-
IS Series	599,976	599,976	-	-	-
TS Series	501,180	501,180	-	-	-
LTD Series	944,743	944,743	-	-	-
Repurchase Sweep Agreements	-	-	-	-	-
Negotiable Certificates of Deposit	245,381	245,381	-	-	-
Wisconsin Local Government Investment Pool	43,209,983	43,209,983	-	-	-
Totals	<u>\$ 50,263,364</u>	<u>\$ 48,046,868</u>	<u>\$ 1,101,605</u>	<u>\$ 1,114,891</u>	<u>\$ -</u>

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$43,209,983 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperative

The Wisconsin Investment Series Cooperative (WISC) is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operated under Wisconsin Intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests Utilities' funds in accordance with Wisconsin law. WISC investments, except for LTD series, are valued at amortized cost, which approximates market value.

B. Restricted Assets

Restricted assets of the primary government on December 31, 2025, totaled \$39,648,791 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Special Revenue:		
Thousand Islands Environmental Center	\$ 97,702	To be used for future activities of the Environmental Center
Nelson Crossing	1,972	To be used for future activities of Nelson Crossing
Total Special Revenue	99,674	
Debt Service	2,507,597	
Capital Projects:		
Park Development	-	To be used for future capital expenditures relating to park development
Streets and Sidewalks	2,155,241	To be used for future capital expenditures
Pools and Parks	7,264,786	To be used for future capital expenditures relating to space improvements
Buildings	490,529	
Equipment	1,767,613	To be used for future expenses relating to the tax incremental district
Tax Incremental District #5	7,745,065	To be used for future expenses relating to the tax incremental district
Tax Incremental District #6	798,991	To be used for future expenses relating to the tax incremental district
Tax Incremental District #8	50,798	To be used for future expenses relating to the tax incremental district
Tax Incremental District #9	121,414	To be used for future expenses relating to the tax incremental district
Tax Incremental District #10	356,822	To be used for future expenses relating to the tax incremental district
Tax Incremental District #11	488,294	To be used for future expenses relating to the tax incremental district
Tax Incremental District #12	444,079	To be used for future expenses relating to the tax incremental district
Environmental Remediation TID	718,119	To be used for future expenses relating to the tax incremental district
Redevelopment Authority	704,691	To be used for retirement of Taxable Redevelopment Lease Revenue Bonds
Total Capital Projects	23,106,442	
Total Governmental Activities	25,713,713	
Enterprise:		
Electric Utility:		
Debt Reserve	6,560,816	To be used for subsequent year payments and to reserve additional
Water Utility:		
Debt Reserve/Special Redemption	5,340,453	To be used for subsequent year payments and to reserve additional
Stormwater Utility:		
Capital Improvements	1,222,624	To be used for future stormwater capital projects
Debt Reserve	760,047	To reserve additional funds for debt retirement
Total Stormwater Utility	1,982,671	
Sanitary Sewer Utility:		
Capital Improvements	5,816,801	To be used for future sanitary sewer capital projects
Debt Reserve	1,657,030	To reserve additional funds for debt retirement
Total Sanitary Sewer Utility	7,473,831	
Total Business-Type Activities	21,357,771	
Total Restricted Assets	<u>\$ 47,071,484</u>	

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 7,346,388	\$ -	\$ -	\$ 7,346,388
Construction in Progress	4,614,425	5,617,697	3,213,887	7,018,235
Total Capital Assets, Nondepreciable	11,960,813	5,617,697	3,213,887	14,364,623
Capital Assets, Being Depreciated and Amortized:				
Land Improvements	2,288,672	-	-	2,288,672
Buildings and Improvements	37,084,258	93,852	-	37,178,110
Machinery and Equipment	11,426,125	920,086	810,039	11,536,172
Infrastructure	75,945,981	3,424,521	-	79,370,502
Right-to-Use Lease Assets - Buildings	2,549,180	-	-	2,549,180
Subtotals	129,294,216	4,438,459	810,039	132,922,636
Less: Accumulated Depreciation and Amortization	49,082,968	4,548,167	810,039	52,821,096
Total Capital Assets, Depreciable, Net	80,211,248	(109,708)	-	80,101,540
Governmental Activities Capital Assets, Net	<u>\$ 92,172,061</u>	<u>\$ 5,507,989</u>	<u>\$ 3,213,887</u>	94,466,163
Less: Debt Incurred for Capital Assets				55,479,205
Less: Premium				1,792,985
Less: Accounts Payable Related to Capital Assets				110,999
Net Investment in Capital Assets				<u>\$ 37,082,974</u>
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 2,517,811	\$ -	\$ -	\$ 2,517,811
Intangible	837,951	288,207	-	1,126,158
Construction in Progress	6,861,263	12,688,575	16,231,793	3,318,045
Total Capital Assets, Nondepreciable	10,217,025	12,976,782	16,231,793	6,962,014
Capital Assets, Depreciable/Amortizable:				
Buildings	26,582,202	780,956	76,704	27,286,454
Improvements Other Than Buildings	159,063,998	8,398,742	622,169	166,840,571
Machinery and Equipment	39,620,149	1,729,850	1,701,676	39,648,323
Infrastructure	38,584,783	4,963,842	-	43,548,625
Right-to-Use Lease Asset - Subscription Software	-	102,022	-	102,022
Subtotals	263,851,132	15,975,412	2,400,549	277,425,995
Less: Accumulated Depreciation/Amortization	105,841,241	7,447,386	2,316,774	110,971,853
Subtotals	105,841,241	7,447,386	2,316,774	110,971,853
Total Capital Assets, Depreciable, Net	158,009,891	8,528,026	83,775	166,454,142
Business-Type Activities Capital Assets, Net	<u>\$ 168,226,916</u>	<u>\$ 21,504,808</u>	<u>\$ 16,315,568</u>	173,416,156
Less: Capital Related Debt				81,266,573
Less: Debt Premium				2,803,061
Less: Accounts Payable Related to Capital Assets				2,844,147
Net Investment in Capital Assets				<u>\$ 86,502,375</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation and amortization expense was charged to functions of the City as follows:

Governmental Activities:

General Government	\$ 89,427
Public Safety	266,948
Public Works	2,817,804
Culture and Recreation	1,107,828
Conservation and Development	<u>266,160</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u><u>\$ 4,548,167</u></u>

Business-Type Activities:

Kaukauna Utilities	\$ 6,491,813
Stormwater Utility	193,336
Sanitary Sewer Utility	459,059
Depreciation/Amortization Expense Charged to Other Functions	<u>303,178</u>
Total Increase in Accumulated Depreciation/ Amortization - Business-Type Activities	<u><u>\$ 7,447,386</u></u>

The Utilities holds nonutility property consisting of land and buildings and improvements totaling \$282,806, net of accumulated depreciation.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2025 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances on Operating Accounts Between Funds:		
General Fund	\$ 954,386	\$ 53,347
Debt Service Fund	8,047,820	-
Tax Incremental District #5	-	5,379,304
Nonmajor Governmental Funds:		
Vehicle Registration	-	
Special Assessments	-	5,359
Environmental Remediation TID	-	673,273
Tax Incremental District #4	-	277,214
Tax Incremental District #8	-	1,369,554
Tax Incremental District #9	-	132,886
Tax Incremental District #10	-	129,320
Tax Incremental District #12	-	983,868
Grignon Home		
Nelson Crossing		
Solid Waste	65,328	49,012
Enterprise Funds:		
Kaukauna Utilities	80,529	3,744,747
Stormwater Utility	320,748	-
Sanitary Sewer Utility	3,350,896	21,823
Totals	<u>\$ 12,819,707</u>	<u>\$ 12,819,707</u>

The outstanding balances between funds result mainly from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Stormwater and Sanitary Sewer Utility amounts include amounts due from customers.

Interfund transfers for the year ended December 31, 2025 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 2,893,653	\$ 1,049,705
Debt Service	3,868,775	-
Tax Incremental District #5	600,000	1,213,981
Streets and Sidewalks	2,133,000	-
Nonmajor Governmental	439,439	5,038,528
Kaukauna Utilities	-	2,377,552
Stormwater Utility	-	103,579
Sanitary Sewer	-	151,522
Total	<u>\$ 9,934,867</u>	<u>\$ 9,934,867</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers (Continued)

Transfers are used for the following purposes:

Tax Equivalent Payment Made by Water and Electric Utility to General Fund	\$ 2,377,552
Administration Fees from the Storm Water and Sewer Utilities	255,101
Transfers for Debt Retirement	3,868,775
Special Revenue Transfers for Debt Retirement	3,750
To Finance Construction Project Costs	3,168,689
To Move Unrestricted Revenues to the Fund That is Required or Allowed to Expend	<u>261,000</u>
Transfers - Fund Statements	9,934,867
Less: Eliminating Transfers Out	<u>(7,302,214)</u>
Transfers - Government-Wide Statements	<u><u>\$ 2,632,653</u></u>

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2025:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 6,744,998	\$ -	\$ 885,000	\$ 5,859,998	\$ 725,000
Notes	<u>41,809,002</u>	<u>4,800,000</u>	<u>4,184,000</u>	<u>42,425,002</u>	<u>6,135,000</u>
Total General Obligation Debt	48,554,000	4,800,000	5,069,000	48,285,000	6,860,000
Lease Liability	1,378,243	-	132,118	1,246,125	133,445
Note Anticipation Note	13,440,000	-	-	13,440,000	-
Taxable Redevelopment Lease					
Revenue Bonds	6,800,000	-	425,000	6,375,000	425,000
Premium on Outstanding Debt	1,764,499	388,060	359,574	1,792,985	-
Compensated Absences	<u>758,665</u>	<u>371,038</u>	<u>-</u>	<u>1,129,703</u>	<u>112,970</u>
Governmental Activities					
Long-Term Obligations	<u><u>\$ 72,695,407</u></u>	<u><u>\$ 5,559,098</u></u>	<u><u>\$ 5,985,692</u></u>	<u><u>\$ 72,268,813</u></u>	<u><u>\$ 7,531,415</u></u>
Business-Type Activities:					
General Obligation Debt:					
Notes	\$ 256,000	\$ -	\$ 256,000	\$ -	\$ -
Subscription Liability	-	81,614	28,400	53,214	27,187
Revenue Bonds	75,195,000	14,265,000	4,950,000	84,510,000	5,220,000
Direct Placement Revenue Bonds	3,784,175	104,159	164,438	3,723,896	167,759
Premium on Outstanding Debt	2,856,665	430,150	483,754	2,803,061	-
Compensated Absences	<u>24,222</u>	<u>15,308</u>	<u>-</u>	<u>39,530</u>	<u>-</u>
Business-Type Activities					
Long-Term Obligations	<u><u>\$ 82,116,062</u></u>	<u><u>\$ 14,896,231</u></u>	<u><u>\$ 5,882,592</u></u>	<u><u>\$ 91,129,701</u></u>	<u><u>\$ 5,414,946</u></u>

(1) Compensated absences are reported as a net change

Total interest paid during the year on long-term debt totaled \$6,454,704.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
General Obligation Bonds	09/01/15	12/01/27	2.00 - 4.00%	1,650,000	\$ 575,000
General Obligation Bonds	08/15/17	12/01/30	2.00 - 3.00%	1,565,000	660,000
General Obligation Notes	08/15/17	12/01/27	2.00 - 3.00%	8,450,000	2,975,000
General Obligation Notes	09/05/18	06/01/28	2.00 - 3.25%	5,200,000	3,065,000
General Obligation Bonds	10/30/19	06/01/28	1.95 - 2.50%	6,305,000	3,400,000
General Obligation Notes	10/30/19	09/01/29	2.00 - 3.00%	5,025,000	4,625,000
General Obligation Notes	09/03/20	09/01/30	1.00 - 2.00%	9,800,000	6,500,000
General Obligation Notes	09/01/21	09/01/31	0.35 - 1.85%	5,200,000	4,600,000
General Obligation Notes	09/01/21	09/01/31	2.00 - 3.00%	3,680,000	2,770,000
General Obligation Notes	05/03/22	03/01/32	4.00%	6,000,000	5,700,000
General Obligation Notes	08/01/23	06/01/33	4.00%	3,240,000	3,240,000
General Obligation Notes	07/02/24	06/01/35	5.00%	5,475,000	5,375,000
General Obligation Notes	06/17/25	12/01/35	5.00%	4,800,000	4,800,000
Total Outstanding General Obligation Debt					<u><u>\$ 48,285,000</u></u>

Annual principal and interest maturities of the outstanding general obligation debt of \$48,285,000 on December 31, 2025 are detailed below:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,860,000	\$ 1,613,136
2027	7,085,000	1,307,684
2028	6,650,000	1,137,996
2029	4,450,000	993,888
2030	4,775,000	876,163
2031 - 2035	18,465,000	2,073,900
Total	<u><u>\$ 48,285,000</u></u>	<u><u>\$ 8,002,766</u></u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2025 was \$54,538,155 as follows:

Equalized Valuation of the City	\$ 2,056,463,100
Statutory Limitation Percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	102,823,155
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>48,285,000</u>
Legal Margin for New Debt	<u><u>\$ 54,538,155</u></u>

Note Anticipation Notes

Note anticipation notes currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Note Anticipation Notes	10/18/23	6/1/28	5.00%	\$ 5,520,000	\$ 5,520,000
Note Anticipation Notes	7/2/24	6/1/29	4.95%	7,920,000	<u>7,920,000</u>
Total Outstanding Anticipation Notes					<u><u>\$ 13,440,000</u></u>

Annual principal and interest maturities of the outstanding note anticipation notes of \$13,440,000 on December 31, 2025 are detailed below:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 668,040	\$ 668,040
2027	-	668,040	668,040
2028	5,520,000	530,040	6,050,040
2029	7,920,000	196,020	8,116,020
Total	<u><u>\$ 13,440,000</u></u>	<u><u>\$ 2,062,140</u></u>	<u><u>\$ 15,502,140</u></u>

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2025 totaled \$88,233,896 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Kaukauna Utilities:					
Electric Utility:					
Revenue Bond	06/02/15	12/15/30	2.00 - 4.00%	\$ 9,415,000	\$ 2,800,000
Revenue Bond	03/08/18	12/15/37	4.00%	11,150,000	8,250,000
Revenue Bond	10/09/18	12/15/28	3.00 - 5.00%	10,130,000	2,665,000
Revenue Bond	09/10/19	12/15/35	2.60 - 3.00%	20,275,000	19,355,000
Revenue Bond	12/15/20	12/15/30	3.00 - 4.00%	16,320,000	12,225,000
Total Electric Utility Revenue Bonds					45,295,000
Water Utility:					
Revenue Bond	10/03/17	12/01/37	2.00 - 3.25%	3,950,000	3,250,000
Revenue Bond	12/30/20	12/04/40	2.00 - 3.00%	3,085,000	2,465,000
Direct Placement Revenue Bonds	08/22/23	05/01/43	2.00 - 3.00%	1,936,085	1,777,322
Direct Placement Revenue Bonds	05/22/24	05/01/44	2.15%	1,735,392	1,735,371
Direct Placement Revenue Bonds	09/25/24	05/01/44	0.25%	20,985	25,260
Direct Placement Revenue Bonds	09/25/24	05/01/44	0.25%	170,252	185,943
Revenue Bond	02/18/25	02/01/34	4.25 - 5.00%	7,715,000	7,615,000
Total Water Utility Revenue Bonds					17,053,896
Stormwater:					
Revenue Bond	11/01/16	09/01/31	2.00 - 3.25%	1,350,000	600,000
Revenue Bond	06/03/22	09/01/42	3.00 - 4.25%	9,140,000	8,365,000
Total Stormwater Revenue Bonds					8,965,000
Sanitary Sewer:					
Revenue Bond	09/04/13	09/01/28	3.00 - 5.00%	1,950,000	475,000
Revenue Bond	09/01/15	09/01/30	3.00 - 4.00%	1,225,000	500,000
Revenue Bond	11/01/16	09/01/31	3.00 - 3.25%	1,225,000	550,000
Revenue Bond	09/05/18	09/01/33	2.00 - 4.00%	1,190,000	875,000
Revenue Bond	06/03/22	09/01/42	3.00 - 4.25%	8,095,000	7,870,000
Revenue Bond	06/17/25	12/01/28	5.00%	6,650,000	6,650,000
Total Sanitary Sewer Revenue Bonds					16,920,000
Total Outstanding Revenue Bonds					<u>\$ 88,233,896</u>

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$ \$88,233,896 on December 31, 2025 are detailed below:

Year Ending December 31,	Business-Type Activities				
	Revenue Bonds		Direct Placement Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2026	\$ 5,220,000	\$ 3,309,724	\$ 167,759	\$ 74,179	\$ 8,771,662
2027	5,395,000	2,981,352	171,152	70,750	8,618,254
2028	12,470,000	2,613,514	174,617	67,249	15,325,380
2029	6,015,000	2,225,322	178,155	63,673	8,482,150
2030	5,830,000	1,992,149	181,769	60,020	8,063,938
2031 - 2035	32,255,000	6,764,666	965,807	242,531	40,228,004
2036 - 2040	12,160,000	2,420,790	1,068,434	138,810	15,788,034
2041 - 2045	5,165,000	431,589	816,203	29,942	6,442,734
Total	<u>\$ 84,510,000</u>	<u>\$ 22,739,106</u>	<u>\$ 3,723,896</u>	<u>\$ 747,154</u>	<u>\$ 111,720,156</u>

Utility Revenues Pledged

The electric, water, storm water, and sanitary sewer utility enterprise funds have pledged future electric, water, storm water, and sanitary sewer customer revenues, net of specified operating expenses, to repay the revenue bonds through 2037, 2037, 2031, and 2033, respectively. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. A summary of net customer revenues and remaining principal and interest due on revenue bonds follows:

	Kaukauna Utilities			
	Electric Utility	Water Utility	Stormwater Utility	Sanitary Sewer Utility
Net Customer Revenues:				
Operating Revenues	\$ 63,480,499	\$ 5,839,846	\$ 1,941,832	\$ 4,735,072
Other Income	<u>1,271,240</u>	<u>269,685</u>	<u>2,400</u>	<u>5,154</u>
Total Revenues	64,751,739	6,109,531	1,944,232	4,740,226
Less: Operating Expenses	<u>51,633,088</u>	<u>2,927,066</u>	<u>328,723</u>	<u>2,463,102</u>
Net Customer Revenues	<u>\$ 13,118,651</u>	<u>\$ 3,182,465</u>	<u>\$ 1,615,509</u>	<u>\$ 2,277,124</u>
Debt Service:				
Principal	\$ 3,770,000	\$ 519,438	\$ 375,000	\$ 450,000
Interest	<u>1,678,740</u>	<u>536,053</u>	<u>371,898</u>	<u>428,939</u>
Total Debt Service	<u>\$ 5,448,740</u>	<u>\$ 1,055,491</u>	<u>\$ 746,898</u>	<u>\$ 878,939</u>
Remaining Principal and Interest	<u>\$54,006,494</u>	<u>\$23,000,834</u>	<u>\$ 12,644,403</u>	<u>\$ 22,068,425</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Taxable Redevelopment Lease Revenue Bonds

Taxable redevelopment lease revenue bond debt service requirements are financed from operations of the Redevelopment Authority. Revenue bond debt outstanding on December 31, 2025 totaled \$6,375,000 and was composed of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/25</u>
Lease Revenue Bond	7/1/15	12/1/40	2.00 - 4.125%	\$ 10,500,000	<u>\$ 6,375,000</u>

Annual principal maturities of the outstanding debt of \$6,375,000 on December 31, 2025 are detailed below:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 425,000	\$ 243,844	\$ 668,844
2027	425,000	226,844	651,844
2028	425,000	209,844	634,844
2029	425,000	193,906	618,906
2030	425,000	178,500	603,500
2031 - 2035	2,125,000	648,656	2,773,656
2036 - 2040	2,125,000	219,141	2,344,141
Total	<u>\$ 6,375,000</u>	<u>\$ 1,920,735</u>	<u>\$ 8,295,735</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases Payable

The City leases space usage for various terms under long-term, noncancelable lease agreements. The leases expire in 2034.

Total principal and interest costs for such leases for governmental funds were \$145,296 for the year ended December 31, 2025. The future minimum lease payments for these agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2026	\$ 133,445	\$ 11,851	\$ 145,296
2027	134,786	10,510	145,296
2028	136,140	9,156	145,296
2029	137,635	7,788	145,423
2030	140,421	6,399	146,820
2031 - 2035	563,698	11,346	575,044
Total Minimum Payments Required	<u>\$ 1,246,125</u>	<u>\$ 57,050</u>	<u>\$ 1,303,175</u>

Right-to-use assets acquired through outstanding leases are as follows:

Buildings and Improvements	\$ 2,549,180
Less Accumulated Amortization for:	
Buildings and Improvements	<u>1,412,670</u>
Total	<u>\$ 1,136,510</u>

G. Pension Plan

Wisconsin Retirement System

1. Plan Description

The Wisconsin Retirement System (WRS) is a cost-sharing, multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (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, which can be found at <http://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

1. Plan Description (Continued)

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.

Benefit 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 December 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 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.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

3. Contributions

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

During the year ending December 31, 2025, the WRS recognized \$1,616,865 in contributions from the City.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Executives and Elected Officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

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

At December 31, 2025, the City reported a liability of \$1,633,679 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.09942268%, which was an increase of 0.00063168% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of \$2,182,918.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

4. Pension Assets Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,073,468	\$ 4,767,468
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,482,462	-
Changes in Assumptions	484,744	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	38,507
Employer Contributions Subsequent to the Measurement Date	1,616,864	-
Total	<u>\$ 9,657,538</u>	<u>\$ 4,805,975</u>

\$1,616,864 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2026	\$ 968,748
2027	3,374,992
2028	(845,347)
2029	(263,694)
Total	<u>\$ 3,234,699</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability:	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market 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	WRS Exp 2020 Mortality Table
Postretirement Adjustments*	1.7%

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the 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.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Public Equity	38.0%	7.0%	4.3%
Public Fixed Income	27.0%	6.1%	3.4%
Private Equity/Debt	20.0%	9.5%	6.7%
Inflation Sensitive	19.0%	4.8%	2.1%
Real estate	8.0%	6.5%	3.8%
Leverage	-12.0%	3.7%	1.1%
Total Core Fund	100.0%	7.5%	4.8%
<u>Variable Fund Asset</u>			
U.S. Equities	70.0%	6.5%	3.8%
International Equities	30.0%	7.4%	4.7%
Total Variable Fund	100.0%	6.9%	4.2%

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

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities.

Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.80% 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 6.80% 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 6.80% expected rate of return implies that a dividend of approximately 1.70% will always be paid after reflecting known changes in the Market Recognition Account. 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,326,044	\$ 1,633,679	\$ (8,094,353)

6. Payables to the Pension Plan

At December 31, 2025, the City has outstanding amount of contributions to the pension plan of \$337,689 for the year ended December 31, 2025.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan (Continued)

Defined Contribution Pension Plan

The City contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by Glatfelter Specialty Benefits/VFIS.

The City determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2025, the City contributed \$2,750 to the plan, and the City recognized pension expense of \$2,750.

H. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2025 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 804,494	\$ 243,095	\$ 586,806	\$ 34,534
Single-Employer Defined OPEB Plan	10,614,447	3,268,065	1,446,806	1,173,570
Total Pension Liability	<u>\$ 11,418,941</u>	<u>\$ 3,511,160</u>	<u>\$ 2,033,612</u>	<u>\$ 1,208,104</u>

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the Utilities, fire and police, and elected and appointed. Eligible retired employees have access to group medical coverage through the City's group plan until they reach the age of 65. The retired employee is required to have served 15 years for the City in order to be eligible.

Benefits Provided

The City provides medical (including prescription drugs) for retired employees through the City's insured plans.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	24
Active Employees	164
Total	<u>188</u>

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. The retired employee contributes a percentage of the premium based on the number of years they retire after eligibility for Wisconsin Retirement (currently age 55).

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5%
Salary Increases:	2%
Inflation	3.00%
Seniority/Merit	0.1%-5.6%
Investment Rate of Return:	4.83%
Healthcare Cost Trend Rates:	6.0% for 2025 decreasing to 5.0%

Mortality rates are the same as those used in the December 2021 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the January 1, 2021 valuation were based on the "Wisconsin Retirement System 2021 - 2023 Experience Study".

The discount rate of 4.83% used for all years of benefit payments was based on the current yield for 20-year, tax-exempt AA Municipal bond rate or higher as of the measurement date.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Total OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.08%. The projection of cash flows used to determine the discount rate assumed that Utilities contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	Increase (Decrease)
	<u>Total OPEB</u>
Balance at December 31, 2023	\$ 11,044,514
Changes for the Year:	
Service Cost	560,354
Interest	436,949
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	
Change in Assumptions	(757,446)
Benefit Payments	(669,924)
Net Changes	(430,067)
Balance at December 31, 2024	<u>\$ 10,614,447</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.83%) than the current rate:

	1% Decrease to Discount Rate (3.83%)	Current Discount Rate (4.83%)	1% Increase to Discount Rate (5.83%)
Total OPEB Liability	\$ 11,637,853	\$ 10,614,447	\$ 9,694,943

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0% decreasing to 1.0%) or 1-percentage-point higher (7.0% decreasing to 3.0%) than the current healthcare cost trend rates:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 9,347,870	\$ 10,614,447	\$ 12,118,241

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

OPEB Expense

For the year ended December 31, 2025, the City recognized OPEB expense of \$1,173,570.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,421,202	\$ 543,081
Changes in Assumptions	846,863	903,725
Total	<u>\$ 3,268,065</u>	<u>\$ 1,446,806</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the upcoming years:

<u>Year Ending December 31,</u>	<u>Expense</u>
2026	\$ 176,267
2027	176,267
2028	176,267
2029	176,267
2030	176,267
Thereafter	939,924
Total	<u>\$ 1,821,259</u>

Payable to the OPEB Plan

At December 31, 2025, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2025.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <http://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 at using the link above.

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2025 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

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

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

During the year ending December 31, 2025, the LRLIF recognized \$4,681 in contributions from the employer.

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

At December 31, 2025, the City reported a liability of \$804,494 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.20563400%, which was a decrease of .00169900% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of \$34,534.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 83,695
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	11,048	-
Changes in Assumptions	197,400	451,223
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	34,647	51,888
Total	<u>\$ 243,095</u>	<u>\$ 586,806</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2026	\$ (33,970)
2027	(69,534)
2028	(101,364)
2029	(91,845)
2030	(18,376)
Thereafter	(28,622)
Total	<u>\$ (343,711)</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

Actuarial Assumptions

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

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 Exp Mortality Table

*Based on the Bond Buyers GO 20-Bond Municipal Index

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

Long-Term Expected Return on Plan Assets

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

Long-Term Expected Return on Plan Assets (Continued)

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	40%	2.41%
U.S. Mortgages	Bloomberg US MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

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.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's Proportionate Share of the Net OPEB Liability	\$ 1,075,318	\$ 804,494	\$ 595,798

Payable to the OPEB Plan

At December 31, 2025, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2025.

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2025, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Inventories and Prepaid Items	<u>\$ 321,487</u>
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**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2025, restricted fund balance was as follows:

Debt Service Fund:

Restricted for:

Debt Service	\$ 6,378,001
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Special Revenue Fund:

Restricted for:

Donations	97,702
Nelson Crossing	1,972

Capital Projects Fund:

Restricted for:

Tax Incremental Districts	2,723,296
Capital Expenditures	11,146,254
Debt Service	<u>704,691</u>

Total Restricted Fund Balance	<u><u>\$ 21,051,916</u></u>
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**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2025, governmental fund balance was committed as follows:

Special Revenue Funds:

Committed for:

1000 Islands Environmental Center	\$ 35,688
Revolving Economic Development Loans	903,440
Rental Rehabilitation Grants	3,165
Housing Development Grants	33,634
Public Safety Grants	289,816
Subdivision Fees	222,253
Grignon Home	1,115
Vehicle Registration	16,443
Solid Waste	17,266
Red Hill Landfill	159,565
Nelson Crossing	5,676
Library Special Use	4,970

Capital Projects Fund:

Committed for:

Industrial Park	926,219
Pools and Parks	700,000
Buildings and Miscellaneous	<u>197,965</u>

Total Committed Fund Balance	<u><u>\$ 3,517,215</u></u>
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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2025, fund balance was assigned as follows:

General Fund:

Subsequent Year's Expenditures	<u><u>\$ 660,000</u></u>
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**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 OTHER INFORMATION

A. WIPPI Energy Contract (WPPI)

The Kaukauna Electric Utility purchases its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The Kaukauna Electric Utility is one of 51 members of WPPI located throughout the States of Wisconsin, Iowa, and Michigan. On December 31, 1989, each of WPPI's members, including the City of Kaukauna, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract has been amended to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

Under the Long-Term Contract, the Kaukauna Electric Utility and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its board of directors, which consists of representatives from each member municipality. The Kaukauna Electric Utility has agreed to charge rates to the retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Kaukauna electric system payable from any operating and maintenance fund established by the Kaukauna Electric Utility.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

Electric power purchases by the Kaukauna Electric Utility from the WPPI for distribution to its customers under the above arrangement amounted to approximately \$37.7 million in 2025.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for eight Tax Incremental Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)(2), the Statutes allow a tax incremental district to incur project costs up to five years prior to termination of the district. The City's TID No. 4 was created in September, 2000, TID No. 5 was created in September, 2003, the Environmental Remediation TID (ERTID) was created September 2005, TID No. 6 was created in September, 2006, TID No. 7 was created in September, 2012, TID No. 8 was created in September, 2013, TID No. 9 was created in September 2016, TID No. 10 was created in September 2019, TID No. 11 was created in September 2021, and TID No. 12 was created in September 2022. All TID's are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. Detail of the amounts recoverable by the City as of December 31, 2025 from future excess tax increment revenues of the TID's are as follows:

	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #8
Net Unreimbursed (Reimbursed) Project Costs	<u>\$ 535,930</u>	<u>\$ 3,062,912</u>	<u>\$ (176,909)</u>	<u>\$ 5,551,235</u>
	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	Tax Incremental District #12
Net Unreimbursed (Reimbursed) Project Costs	<u>\$ 29,978</u>	<u>\$ 200,640</u>	<u>\$ (402,544)</u>	<u>\$ (97,782)</u>
	Tax Incremental ERTID			
Net Unreimbursed (Reimbursed) Project Costs	<u>\$ 104,390</u>			

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 4	2031
TID No. 5	2034
TID No. 6	2026
TID No. 8	2033
TID No. 9	2043
TID No. 10	2040
TID No. 11	2041
TID No. 12	2051

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceed coverage amounts in the past three years.

D. Contingencies

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

E. Enterprise Funds – Significant Customers

The utility has two significant customers who were responsible for 29% of operating revenues.

F. Accounting Changes

The Pool and Parks capital project funds previously meet the criteria to be reported as major governmental funds. However, effective December 31, 2025, these funds no longer meet the criteria to be reported as major funds and are reported as nonmajor for the fiscal year ended December 31, 2025. The effect of these changes to or within the financial reporting entity is shown in column C of the table below:

	January 1, 2025 as Previously Reported	Change to or Within the Financial Reporting Entity (C)	January 1, 2025 as Adjusted
Governmental Funds:			
Major Funds:			
General Fund	\$ 7,019,816	\$ -	\$ 7,019,816
Debt Service	5,749,659	-	5,749,659
Capital Projects:			
Streets and Sidewalks	1,446,858	-	1,446,858
Tax Incremental District #5	2,720,370	-	2,720,370
Pool and Parks	5,702,477	(5,702,477)	-
Nonmajor Funds	5,699,824	5,702,477	11,402,301
Total Governmental Funds	<u>\$ 28,339,004</u>	<u>\$ -</u>	<u>\$ 28,339,004</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) —
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.09115131%	\$ 1,481,191	\$ 10,808,317	13.70 %	98.20 %
12/31/16	0.09216838%	759,688	11,279,812	6.73 %	99.12 %
12/31/17	0.09272600%	(2,753,143)	11,297,910	24.37 %	102.93 %
12/31/18	0.09416558%	3,350,116	11,511,788	29.10 %	96.45 %
12/31/19	0.09438667%	(3,043,457)	11,899,616	25.58 %	102.96 %
12/31/20	0.09484905%	(5,921,557)	12,302,168	48.13 %	105.26 %
12/31/21	0.09529330%	(7,680,815)	12,606,353	60.93 %	106.02 %
12/31/22	0.09689632%	5,133,281	13,446,295	38.18 %	95.72 %
12/31/23	0.09879100%	1,468,830	14,431,597	10.18 %	98.85 %
12/31/24	0.09942268%	1,633,679	14,862,456	10.99 %	98.79 %

SCHEDULE OF CONTRIBUTIONS —
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 890,178	\$ 890,178	\$ -	\$ 11,279,812	7.89 %
12/31/17	956,240	956,240	-	11,297,910	8.46 %
12/31/18	980,740	980,740	-	11,511,789	8.52 %
12/31/19	991,980	991,980	-	11,899,616	8.34 %
12/31/20	1,081,683	1,081,683	-	12,302,169	8.79 %
12/31/21	1,117,295	1,117,295	-	12,606,353	8.86 %
12/31/22	1,167,094	1,167,094	-	13,446,295	8.68 %
12/31/23	1,340,242	1,340,242	-	14,431,596	9.29 %
12/31/24	1,437,391	1,437,391	-	14,682,456	9.79 %
12/31/25	1,616,864	1,616,864	-	15,197,107	10.64 %

See Notes to Required Supplementary Information.

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 560,354	\$ 213,744	\$ 188,594	\$ 332,749	\$ 322,333	\$ 354,074	\$ 347,131	\$ 355,549
Interest	436,949	275,934	303,900	161,572	163,634	308,561	315,176	301,683
Changes of Benefit Terms	-	-	-	-	-	(343,744)	-	-
Differences Between Expected and Actual Experience	-	2,520,122	-	398,100	-	(1,005,945)	-	-
Changes of Assumptions	(757,446)	(153,001)	345,849	(105,616)	38,653	1,049,847	-	-
Benefit Payments	(669,924)	(553,045)	(533,883)	(387,559)	(412,303)	(304,140)	(328,495)	(311,475)
Net Change in Total OPEB Liability	(430,067)	2,303,754	304,460	399,246	112,317	58,653	333,812	345,757
Total OPEB Liability - Beginning	11,044,514	8,740,760	8,436,300	8,037,054	7,924,737	7,866,084	7,532,272	7,186,515
Total OPEB Liability - Ending	<u>\$ 10,614,447</u>	<u>\$ 11,044,514</u>	<u>\$ 8,740,760</u>	<u>\$ 8,436,300</u>	<u>\$ 8,037,054</u>	<u>\$ 7,924,737</u>	<u>\$ 7,866,084</u>	<u>\$ 7,532,272</u>
Covered-Employee Payroll	\$ 17,516,059	\$ 15,632,504	\$ 15,241,307	\$ 14,285,967	\$ 13,366,187	\$ 13,203,276	\$ 12,454,203	\$ 12,210,002
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	60.60%	70.65%	57.35%	59.05%	60.13%	60.02%	63.16%	61.69%

See Notes to Required Supplementary Information.

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.21612700%	\$ 539,434	\$ 11,297,910	4.77 %	44.81 %
12/31/18	0.21705100%	560,065	11,511,789	4.87 %	48.69 %
12/31/19	0.21097000%	898,349	11,899,616	7.55 %	37.58 %
12/31/20	0.21875200%	1,203,293	12,606,353	9.55 %	31.36 %
12/31/21	0.20956900%	1,238,630	12,420,000	9.97 %	29.57 %
12/31/22	0.19964100%	760,599	12,745,000	5.97 %	38.81 %
12/31/23	0.20733300%	953,867	13,799,000	6.91 %	33.90 %
12/31/24	0.20563400%	804,494	14,328,000	5.61 %	37.20 %

SCHEDULE OF CONTRIBUTIONS —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 4,357	\$ 4,357	\$ -	\$ 11,511,789	0.04 %
12/31/19	4,192	4,192	-	11,899,616	0.04 %
12/31/20	4,382	4,382	-	12,302,169	0.04 %
12/31/21	4,182	4,182	-	12,606,353	0.03 %
12/31/22	4,030	4,030	-	12,420,000	0.03 %
12/31/23	4,294	4,294	-	14,431,596	0.03 %
12/31/24	4,345	4,345	-	14,682,456	0.03 %

See Notes to Required Supplementary Information.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of benefit terms:

Based on a three-year experience study conducted in 2024 covering January 1, 2021 through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2024, including the following:

- Raising the seniority/merit inflation rate from 0.1%-5.6% to 0.1%-5.7%

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.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Postemployment Benefit Plan

There were no changes in benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

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

Benefit Terms: There were no recent changes in benefit terms.

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

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

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue						
	1000 Islands Environmental Center	Revolving Economic Development Loans	Rental Rehabilitation Grants	Housing Development Grants	CDBG Grant	Public Safety Grants	Subdivision Fees
ASSETS							
Cash and Investments	\$ 36,846	\$ 901,898	\$ 3,165	\$ 33,634	\$ -	\$ 289,816	\$ 222,297
Restricted Cash and investments	97,702	-	-	-	-	-	-
Receivables:							
Taxes and Special Charges	-	-	-	-	-	-	36
Accounts, Net	-	1,542	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	210
Loans	-	551,327	13,960	65,700	108,371	-	-
Due from Other Funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 134,548</u>	<u>\$ 1,454,767</u>	<u>\$ 17,125</u>	<u>\$ 99,334</u>	<u>\$ 108,371</u>	<u>\$ 289,816</u>	<u>\$ 222,543</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 1,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	-	-	-	-	-	-	80
Loans Receivable	-	551,327	13,960	65,700	108,371	-	-
Special Assessments	-	-	-	-	-	-	210
Total Deferred Inflows of Resources	<u>-</u>	<u>551,327</u>	<u>13,960</u>	<u>65,700</u>	<u>108,371</u>	<u>-</u>	<u>290</u>
FUND BALANCES							
Restricted	97,702	-	-	-	-	-	-
Committed	35,688	903,440	3,165	33,634	-	289,816	222,253
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>133,390</u>	<u>903,440</u>	<u>3,165</u>	<u>33,634</u>	<u>-</u>	<u>289,816</u>	<u>222,253</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 134,548</u>	<u>\$ 1,454,767</u>	<u>\$ 17,125</u>	<u>\$ 99,334</u>	<u>\$ 108,371</u>	<u>\$ 289,816</u>	<u>\$ 222,543</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Special Revenue (Continued)						Capital Projects
ASSETS	Grignon Home	Vehicle Registration	Solid Waste	Red Hill Landfill	Nelson Crossing	Library Special Use	Industrial Park
Cash and Investments	\$ 1,115	\$ 16,443	\$ -	\$ 159,565	\$ 7,648	\$ 5,454	\$ 926,219
Restricted Cash and investments	-	-	-	-	1,972	-	-
Receivables:							
Taxes and Special Charges	-	-	-	-	1,578	-	-
Accounts, Net	-	-	1,030	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Due from Other Funds	-	-	65,328	-	-	-	-
Total Assets	\$ 1,115	\$ 16,443	\$ 66,358	\$ 159,565	\$ 11,198	\$ 5,454	\$ 926,219
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 80	\$ -	\$ -	\$ 484	\$ -
Due to Other Funds	-	-	49,012	-	-	-	-
Total Liabilities	-	-	49,092	-	-	484	-
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	-	-	-	-	3,550	-	-
Loans Receivable	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	3,550	-	-
FUND BALANCES							
Restricted	-	-	-	-	1,972	-	-
Committed	1,115	16,443	17,266	159,565	5,676	4,970	926,219
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	1,115	16,443	17,266	159,565	7,648	4,970	926,219
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,115	\$ 16,443	\$ 66,358	\$ 159,565	\$ 11,198	\$ 5,454	\$ 926,219

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

Capital Projects (Continued)							
	Special Assessments	Tax Incremental District #4	Tax Incremental District #6	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11
ASSETS							
Cash and Investments	\$ 409,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash and investments	-	-	798,991	50,798	121,414	356,822	488,294
Receivables:							
Taxes and Special Charges	398,634	62,338	492,728	40,089	14,812	92,646	68,640
Accounts, Net	99	-	-	-	-	-	-
Special Assessments	4,266,194	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 5,074,709</u>	<u>\$ 62,338</u>	<u>\$ 1,291,719</u>	<u>\$ 90,887</u>	<u>\$ 136,226</u>	<u>\$ 449,468</u>	<u>\$ 556,934</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 2,835	\$ 21,524	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	5,359	277,214	-	1,369,554	132,886	129,320	-
Total Liabilities	<u>5,359</u>	<u>280,049</u>	<u>21,524</u>	<u>1,369,554</u>	<u>132,886</u>	<u>129,320</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	896,644	140,217	1,108,288	90,171	33,317	208,389	154,392
Loans Receivable	-	-	-	-	-	-	-
Special Assessments	<u>4,266,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>5,162,837</u>	<u>140,217</u>	<u>1,108,288</u>	<u>90,171</u>	<u>33,317</u>	<u>208,389</u>	<u>154,392</u>
FUND BALANCES							
Restricted	-	-	161,907	-	-	111,759	402,542
Committed	-	-	-	-	-	-	-
Unassigned	<u>(93,487)</u>	<u>(357,928)</u>	<u>-</u>	<u>(1,368,838)</u>	<u>(29,977)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(93,487)</u>	<u>(357,928)</u>	<u>161,907</u>	<u>(1,368,838)</u>	<u>(29,977)</u>	<u>111,759</u>	<u>402,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,074,709</u>	<u>\$ 62,338</u>	<u>\$ 1,291,719</u>	<u>\$ 90,887</u>	<u>\$ 136,226</u>	<u>\$ 449,468</u>	<u>\$ 556,934</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

Capital Projects (Continued)							
ASSETS	Tax Incremental District #12	Environmental Remediation TID	Equipment	Pool and Parks	RDA	Buildings and Miscellaneous	Total
Cash and Investments	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ 238,499	\$ 3,952,381
Restricted Cash and investments	444,079	718,119	1,767,613	7,264,786	704,691	490,529	13,305,810
Receivables:							
Taxes and Special Charges	3,307	60,048	-	222,292	-	-	1,457,148
Accounts, Net	12,077	-	-	500	-	-	15,248
Special Assessments	-	-	-	-	-	-	4,266,404
Loans	1,563,092	-	-	-	-	-	2,302,450
Due from Other Funds	-	-	-	-	-	-	65,328
Total Assets	\$ 2,022,555	\$ 778,167	\$ 1,767,613	\$ 8,187,578	\$ 704,691	\$ 729,028	\$ 25,364,769
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 4,216	\$ -	\$ 39,364	\$ -	\$ 40,534	\$ 110,195
Due to Other Funds	983,868	673,273	-	-	-	-	3,620,486
Total Liabilities	983,868	677,489	-	39,364	-	40,534	3,730,681
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	7,438	135,066	-	500,000	-	-	3,277,552
Loans Receivable	1,563,092	-	-	-	-	-	2,302,450
Special Assessments	-	-	-	-	-	-	4,266,403
Total Deferred Inflows of Resources	1,570,530	135,066	-	500,000	-	-	9,846,405
FUND BALANCES							
Restricted	-	-	1,767,613	6,948,214	704,691	490,529	10,686,929
Committed	-	-	-	700,000	-	197,965	3,517,215
Unassigned	(531,843)	(34,388)	-	-	-	-	(2,416,461)
Total Fund Balances	(531,843)	(34,388)	1,767,613	7,648,214	704,691	688,494	11,787,683
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,022,555	\$ 778,167	\$ 1,767,613	\$ 8,187,578	\$ 704,691	\$ 729,028	\$ 25,364,769

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue						
	1000 Islands Environmental Center	Revolving Economic Development Loans	Rental Rehabilitation Grants	Housing Development Grants	CDBG Grant	Public Safety Grants	Subdivision Fees
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77
Special Assessments	-	-	-	-	-	-	14,752
Intergovernmental	-	-	-	-	-	153,776	-
Public Charges for Services	-	-	-	-	-	18,529	-
Miscellaneous	56,820	189,691	-	2,500	-	-	-
Total Revenues	56,820	189,691	-	2,500	-	172,305	14,829
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	18,867	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	120,563	-	-	-	-	-	-
Conservation and Development	-	156,550	-	-	-	-	-
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	120,563	156,550	-	-	-	18,867	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,743)	33,141	-	2,500	-	153,438	14,829
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	-	-	-	-
Transfers In	-	3,750	-	-	-	-	-
Transfers Out	(15,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(15,000)	3,750	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(78,743)	36,891	-	2,500	-	153,438	14,829
Fund Balance - Beginning of Year, as Originally Stated	212,133	866,549	3,165	31,134	-	136,378	207,424
Change Within Financial Reporting Entity Major to Nonmajor Fund	-	-	-	-	-	-	-
Fund Balance - Beginning of Year, as Adjusted	212,133	866,549	3,165	31,134	-	136,378	207,424
FUND BALANCE - END OF YEAR	<u>\$ 133,390</u>	<u>\$ 903,440</u>	<u>\$ 3,165</u>	<u>\$ 33,634</u>	<u>\$ -</u>	<u>\$ 289,816</u>	<u>\$ 222,253</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Special Revenue (Continued)						Capital Projects
	Grignon Home	Vehicle Registration	Solid Waste	Red Hill Landfill	Nelson Crossing	Library Special Use	Industrial Park
REVENUES							
Taxes	\$ -	\$ 151,709	\$ -	\$ -	\$ 3,500	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Public Charges for Services	-	-	388,995	108,299	-	-	-
Miscellaneous	18,115	-	9,272	-	-	960	-
Total Revenues	18,115	151,709	398,267	108,299	3,500	960	-
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	128,394	-	-	-	-
Culture and Recreation	-	-	-	-	1,503	11,847	-
Conservation and Development	-	-	-	-	-	-	-
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	493
Total Expenditures	-	-	128,394	-	1,503	11,847	493
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,115	151,709	269,873	108,299	1,997	(10,887)	(493)
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	(17,000)	(114,000)	(229,000)	(75,000)	-	-	-
Total Other Financing Sources (Uses)	(17,000)	(114,000)	(229,000)	(75,000)	-	-	-
NET CHANGE IN FUND BALANCES	1,115	37,709	40,873	33,299	1,997	(10,887)	(493)
Fund Balance - Beginning of Year, as Originally Stated	-	(21,266)	(23,607)	126,266	5,651	15,857	926,712
Change Within Financial Reporting Entity Major to Nonmajor Fund	-	-	-	-	-	-	-
Fund Balance - Beginning of Year, as Adjusted	-	(21,266)	(23,607)	126,266	5,651	15,857	926,712
FUND BALANCE - END OF YEAR	<u>\$ 1,115</u>	<u>\$ 16,443</u>	<u>\$ 17,266</u>	<u>\$ 159,565</u>	<u>\$ 7,648</u>	<u>\$ 4,970</u>	<u>\$ 926,219</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects (Continued)						
	Special Assessments	Tax Incremental District #4	Tax Incremental District #6	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11
REVENUES							
Taxes	\$ -	\$ 145,280	\$ 840,463	\$ 119,846	\$ 42,858	\$ 208,455	\$ 161,004
Special Assessments	1,785,914	-	-	-	-	-	-
Intergovernmental	-	27,057	243,981	32,625	1,238	10,083	16,383
Public Charges for Services	-	-	-	-	-	-	-
Miscellaneous	139,559	-	-	-	-	-	-
Total Revenues	1,925,473	172,337	1,084,444	152,471	44,096	218,538	177,387
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Conservation and Development	-	-	142,000	20,282	-	150	-
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	5,296	72,463	150	150	-	152
Total Expenditures	-	5,296	214,463	20,432	150	150	152
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,925,473	167,041	869,981	132,039	43,946	218,388	177,235
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	-	-	-	-
Transfers In	-	(500,000)	-	-	-	-	-
Transfers Out	(2,283,000)	-	(728,633)	(690,545)	-	(95,638)	-
Total Other Financing Sources (Uses)	(2,283,000)	(500,000)	(728,633)	(690,545)	-	(95,638)	-
NET CHANGE IN FUND BALANCES	(357,527)	(332,959)	141,348	(558,506)	43,946	122,750	177,235
Fund Balance - Beginning of Year, as Originally Stated	264,040	(24,969)	20,559	(810,332)	(73,923)	(10,991)	225,307
Change Within Financial Reporting Entity							
Major to Nonmajor Fund	-	-	-	-	-	-	-
Fund Balance - Beginning of Year, as Adjusted	264,040	(24,969)	20,559	(810,332)	(73,923)	(10,991)	225,307
FUND BALANCE - END OF YEAR	\$ (93,487)	\$ (357,928)	\$ 161,907	\$ (1,368,838)	\$ (29,977)	\$ 111,759	\$ 402,542

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects (Continued)						
	Tax Incremental District #12	Environmental Remediation TID	Equipment	Pool and Parks	RDA	Buildings and Miscellaneous	Total
REVENUES							
Taxes	\$ 617,071	\$ 121,915	\$ -	\$ 500,000	\$ -	\$ -	\$ 2,912,178
Special Assessments	-	-	-	-	-	-	1,800,666
Intergovernmental	-	-	-	25,000	-	-	510,143
Public Charges for Services	-	-	-	-	-	-	515,823
Miscellaneous	133,902	-	146,749	449,190	30,147	40,328	1,217,233
Total Revenues	750,973	121,915	146,749	974,190	30,147	40,328	6,956,043
EXPENDITURES							
Current:							
Public Safety	-	-	35,524	-	-	-	54,391
Public Works	-	-	65	-	-	8,305	136,764
Culture and Recreation	-	-	-	13,343	-	-	147,256
Conservation and Development	734,816	-	-	-	-	-	1,053,798
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	612	-	612
Capital Outlay	68,575	23,616	2,419,621	993,457	3,358	142,316	3,729,647
Total Expenditures	803,391	23,616	2,455,210	1,006,800	3,970	150,621	5,122,468
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,418)	98,299	(2,308,461)	(32,610)	26,177	(110,293)	1,833,575
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	1,450,381	1,453,347	-	247,168	3,150,896
Transfers In	-	364,733	17,956	525,000	-	28,000	439,439
Transfers Out	(313,578)	(170,050)	-	-	(57,084)	(250,000)	(5,038,528)
Total Other Financing Sources (Uses)	(313,578)	194,683	1,468,337	1,978,347	(57,084)	25,168	(1,448,193)
NET CHANGE IN FUND BALANCES	(365,996)	292,982	(840,124)	1,945,737	(30,907)	(85,125)	385,382
Fund Balance - Beginning of Year, as Originally Stated	(165,847)	(327,370)	2,607,737	-	735,598	773,619	5,699,824
Change Within Financial Reporting Entity Major to Nonmajor Fund	-	-	-	5,702,477	-	-	5,702,477
Fund Balance - Beginning of Year, as Adjusted	(165,847)	(327,370)	2,607,737	5,702,477	735,598	773,619	11,402,301
FUND BALANCE - END OF YEAR	<u>\$ (531,843)</u>	<u>\$ (34,388)</u>	<u>\$ 1,767,613</u>	<u>\$ 7,648,214</u>	<u>\$ 704,691</u>	<u>\$ 688,494</u>	<u>\$ 11,787,683</u>

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL — DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,599,480	\$ 4,599,480	\$ 4,599,480	\$ -
EXPENDITURES				
Debt Service:				
Principal	5,494,000	5,494,000	5,494,000	-
Interest and Fiscal Charges	2,719,934	2,719,934	2,733,973	(14,039)
Total Expenditures	<u>8,213,934</u>	<u>8,213,934</u>	<u>8,227,973</u>	<u>(14,039)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(3,614,454)	(3,614,454)	(3,628,493)	(14,039)
OTHER FINANCING SOURCES				
Premium on Debt Issued	220,000	220,000	388,060	168,060
Transfers In	3,178,454	3,178,454	3,868,775	690,321
Total Other Financing Sources	<u>3,398,454</u>	<u>3,398,454</u>	<u>4,256,835</u>	<u>858,381</u>
NET CHANGE IN FUND BALANCE	(216,000)	(216,000)	628,342	844,342
Fund Balance - Beginning of Year	<u>5,749,659</u>	<u>5,749,659</u>	<u>5,749,659</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,533,659</u>	<u>\$ 5,533,659</u>	<u>\$ 6,378,001</u>	<u>\$ 844,342</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



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

Board of Commissioners
City of Kaukauna, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City of Kaukauna, Wisconsin (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Kaukauna, Wisconsin's, basic financial statements, and have issued our report thereon dated June 19, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

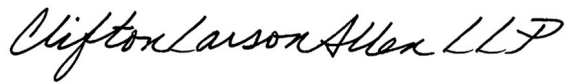
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Kaukauna, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 19, 2026

**CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025**

Section I – Financial Statement Findings

FINDING NO.

2025-001 Preparation of Annual Financial Report

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Management and the Board of the City share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Criteria or Specific

Requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.

Cause: City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Repeat Finding: This is a repeat of Finding 2024-001.

**CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section I – Financial Statement Findings (Continued)

FINDING NO.

2025-001 Preparation of Annual Financial Report (Continued)

Recommendation: We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the System's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Management's

Response: Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review financial statements and information prior to issuance.

