

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 5, 2026

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, based on present federal laws, regulations, rulings and decisions, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and certain covenants of the Village, interest to be paid on the Notes is excluded from gross income of the recipient for federal income tax purposes, and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes may affect the federal alternative tax imposed on certain corporations. See "Tax Exemption" herein for a more detailed discussion. The interest on the Notes is not exempt from present Wisconsin income or franchise tax.

The Village will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

VILLAGE OF SOMERSET, WISCONSIN (St. Croix County)

\$2,215,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A

BID OPENING: February 17, 2026, 10:00 A.M., C.T.

CONSIDERATION: February 17, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,215,000* General Obligation Promissory Notes, Series 2026A (the "Notes") are authorized pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of Somerset, Wisconsin (the "Village"), for public purposes, including Tax Incremental District No. 5 projects and to current refund certain outstanding general obligations of the Village as more fully described herein. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

DATE OF NOTES: March 10, 2026

MATURITY: As follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
09/01/2030	\$100,000	09/01/2036	\$120,000	09/01/2042	\$155,000
09/01/2031	100,000	09/01/2037	130,000	09/01/2043	160,000
09/01/2032	110,000	09/01/2038	130,000	09/01/2044	165,000
09/01/2033	110,000	09/01/2039	140,000	09/01/2045	175,000
09/01/2034	115,000	09/01/2040	140,000	03/01/2046	95,000
09/01/2035	120,000	09/01/2041	150,000		

***MATURITY ADJUSTMENTS:** The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: March 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on September 1, 2035 and thereafter are subject to call for prior optional redemption on September 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$2,187,312.50.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$44,300 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Fryberger, Buchanan, Smith & Frederick, P.A..

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Village to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Village is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the Underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the Village nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the Village which indicates that the Village does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT 1</p> <p>THE NOTES 1</p> <p style="padding-left: 20px;">GENERAL 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION 2</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES 2</p> <p style="padding-left: 20px;">SECURITY 3</p> <p style="padding-left: 20px;">RATING 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE 3</p> <p style="padding-left: 20px;">LEGAL MATTERS 4</p> <p style="padding-left: 20px;">TAX EXEMPTION 4</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES 5</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS 6</p> <p style="padding-left: 20px;">RISK FACTORS 6</p> <p>VALUATIONS 8</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES 8</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS 9</p> <p style="padding-left: 20px;">2025 EQUALIZED VALUE BY CLASSIFICATION 9</p> <p style="padding-left: 20px;">TREND OF VALUATIONS 9</p> <p style="padding-left: 20px;">LARGER TAXPAYERS 10</p> <p>DEBT 10</p> <p style="padding-left: 20px;">DIRECT DEBT 10</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY 11</p> <p style="padding-left: 20px;">FUTURE FINANCING 11</p> <p style="padding-left: 20px;">DEBT LIMIT 11</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT 12</p> <p style="padding-left: 20px;">SCHEDULE OF SEWER AND WATER REVENUE DEBT 14</p> <p style="padding-left: 20px;">OVERLAPPING DEBT 15</p> <p style="padding-left: 20px;">DEBT RATIOS 15</p>	<p>TAX LEVIES AND COLLECTIONS 16</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS 16</p> <p style="padding-left: 20px;">PROPERTY TAX RATES 17</p> <p style="padding-left: 20px;">LEVY LIMITS 17</p> <p style="padding-left: 20px;">REVENUE FROM THE STATE 18</p> <p>THE ISSUER 18</p> <p style="padding-left: 20px;">VILLAGE GOVERNMENT 18</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS 19</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS 20</p> <p style="padding-left: 20px;">LITIGATION 20</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY 21</p> <p style="padding-left: 20px;">FUNDS ON HAND 22</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS 22</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION 23</p> <p style="padding-left: 20px;">GENERAL FUND BUDGET SUMMARY 24</p> <p>GENERAL INFORMATION 25</p> <p style="padding-left: 20px;">LOCATION 25</p> <p style="padding-left: 20px;">LARGER EMPLOYERS 25</p> <p style="padding-left: 20px;">BUILDING PERMITS 26</p> <p style="padding-left: 20px;">U.S. CENSUS DATA 26</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA 27</p> <p>FINANCIAL STATEMENTS A-1</p> <p>FORM OF LEGAL OPINION B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE D-1</p> <p>NOTICE OF SALE E-1</p> <p>BID FORM</p>
--	---

VILLAGE OF SOMERSET VILLAGE BOARD

		<u>Term Expires</u>
Donnie Kern	President	April 2027
Caleb Garn	Trustee & President Pro-Tem	April 2026
Chris Dubak	Trustee	April 2027
Brandon Krohn	Trustee	April 2027
Chris Moreno	Trustee	April 2026
Jessica Plourde	Trustee	April 2027
Janna Stewart	Trustee	April 2026

ADMINISTRATION

Andrea Otto, Treasurer/Deputy Clerk, Administration
Jessica Lehman, Village Clerk/Deputy Treasurer, Administration

PROFESSIONAL SERVICES

Bakke Norman, Attorney at Law, Village Attorney, Eau Claire, Wisconsin
Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Somerset, Wisconsin (the "Village") and the issuance of its \$2,215,000* General Obligation Promissory Notes, Series 2026A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Board of Trustees on February 17, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the Village's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 10, 2026. The Notes will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement except the final maturity is on March 1, 2046. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2027, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing Resolution.

The Village has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after September 1, 2035 shall be subject to optional redemption prior to maturity on September 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are authorized pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purposes, including Tax Incremental District No. 5 projects and to current refund the Village's State Trust Fund Loan, dated January 21, 2026 (the "2025 STFL") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rate	Principal to be Refunded
2025 STFL	1/21/26	4/9/26	Par	2027-2030	6.25%	<u>\$993,486</u>
Total 2025 STFL Being Refunded						<u><u>\$993,486</u></u>

A portion of the proceeds of the Notes will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance.

ESTIMATED SOURCES AND USES*

Sources	
Par Amount of Notes	\$2,215,000
Funds for fee of 2025 STFL	<u>7,500</u>
Total Sources	\$2,222,500
Uses	
Total Underwriter's Discount (1.250%)	\$27,688
Costs of Issuance	69,950
Deposit to Construction Fund	1,116,800
Deposit to Current Refunding Fund	1,004,101
Rounding Amount	<u>3,961</u>
Total Uses	\$2,222,500

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the Village will be irrevocably pledged. The Village will levy a direct, annual, irrevocable tax on all taxable property in the Village sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the Village, with the exception of any outstanding credit enhanced issues, is currently rated "A1" by Moody's.

The Village has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the Village nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Village shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the Village shall execute and deliver a Continuing Disclosure Certificate, under which the Village will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the Village are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the Village to comply with any Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

Legal matters incident to the issuance and sale of the Notes and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the Village. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the Village for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Notes or receipt of interest on the Notes. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including without limitation, the determination of gain or loss on the sale of a bond, the calculation of alternative minimum tax liability; the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Notes, and applicable state and local tax rules.

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, based on present federal laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the Village with certain tax covenants, interest to be paid on the Notes is excluded from gross income for purposes of federal income taxation. Interest on the Notes is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may affect the federal alternative tax imposed on certain corporations.

Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Notes in order that interest on the Notes be and remain excludable from federal gross income. These requirements include, but are not limited to, provisions regarding the use of bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Notes to be includable in federal gross income retroactively to their date of issue.

No provision has been made for redemption of or for an increase in the interest rate on the Notes in the event that interest on the same becomes includable in federal gross income.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax exempt status of interest on the Notes or the tax consequences of ownership of the Notes. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Notes from gross income for federal income tax purposes.

The interest on the Notes is not exempt from present Wisconsin income or franchise tax.

Proposed Federal Legislation

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal if enacted could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes. Prospective purchasers of Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending litigation or proposed federal tax legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the Village in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2024 have been audited by CliftonLarsonAllen LLP, Hudson, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Notes are general obligations of the Village, the ultimate payment of which rests in the Village's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the Village in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Wisconsin (the "State") may affect the overall financial condition of the Village, the taxable value of property within the Village, and the ability of the Village to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the Village and to the Notes. The Village can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the Village or the taxing authority of the Village.

Ratings; Interest Rates: In the future, the Village's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the Village with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the Village to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the Village to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the Village may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The Village is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the Village will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2025 Equalized Value	\$495,059,000
2025 Equalized Value Reduced by Tax Increment Valuation	\$485,172,700
2025 Assessed Value	\$344,836,400

2025 EQUALIZED VALUE BY CLASSIFICATION

	2025 Equalized Value¹	Percent of Total Equalized Value
Residential	\$359,028,700	72.522%
Commercial	109,743,000	22.168%
Manufacturing	25,336,600	5.118%
Agricultural	78,400	0.016%
Undeveloped	485,500	0.098%
Ag Forest	318,800	0.064%
Forest	<u>68,000</u>	<u>0.014%</u>
Total	<u><u>\$495,059,000</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2021	\$290,174,100	\$293,846,500	10.14%
2022	302,188,000	339,138,300	15.41%
2023	321,006,700	425,200,400	25.38%
2024	330,695,200	486,532,400	14.42%
2025	344,836,400	495,059,000	1.75%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2025 Equalized Value¹	Percent of Village's Total Equalized Value
Preferred Properties and Mgmt LLC	Rentals	\$15,518,492	3.13%
Olson Property Investments LLC	Rentals	12,827,000	2.59%
Mack 330 SMC Drive LLC	Industrial/Manufacturing	8,910,900	1.80%
Big Bad Properties LLC	Warehouse/Sales	7,822,300	1.58%
Great River Industrial 23 LLC	Industrial	7,090,600	1.43%
Sprenger LLC	Fabrication	6,149,900	1.24%
Pine & Palm Holdings LLC	Holding Company	4,924,600	0.99%
Kwik Trip Inc.	Convenience Store	4,140,800	0.84%
Riverwalk Properties LLC	Apartments	3,617,600	0.73%
Individual	Apartments	<u>3,337,600</u>	<u>0.67%</u>
Total		\$74,339,792	15.02%
Village's Total 2025 Equalized Value ²		\$495,059,000	

Source: The Village.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)* \$10,035,816

*Preliminary, subject to change.

Revenue Debt (see schedules following)

Total revenue debt secured by sewer and water revenues \$3,629,490

¹ Calculated by dividing the 2025 Assessed Values by the 2025 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes and excludes the obligations to be refunded by the Notes.

DEBT PAYMENT HISTORY

The Village has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The Village plans to issue \$500,000 in taxable debt for Tax Incremental District ("TID") No. 3 by early 2027 and may issue approximately \$1,500,000 for TID No. 7 property acquisition, although the timing of such financing is currently unknown.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$495,059,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	<u>\$24,752,950</u>
Less: General Obligation Debt*	<u>(10,035,816)</u>
Unused Debt Limit*	<u><u>\$14,717,134</u></u>

*Preliminary, subject to change.

Village of Somerset, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/10/2026)

	Corporate Purpose Bonds Series 2016A		Promissory Note of 2018		Promissory Note Series 2020A		Corporate Purpose Bonds Series 2023A		State Trust Fund Loan	
Dated	10/12/2016		08/24/2018		12/03/2020		09/06/2023		02/29/2024	
Amount	\$1,755,000		\$481,625		\$262,000		\$4,640,000		\$1,026,000	
Maturity	11/01		08/21		11/01		12/01 Final Maturity 06/01		03/15	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	100,000	13,750	52,294	5,767	65,000	2,188	160,000	189,150	42,485	59,298
2027	100,000	11,500	54,150	3,911	60,000	1,050	175,000	181,150	45,035	56,749
2028	100,000	8,750	56,066	1,995			185,000	172,400	47,589	54,195
2029	100,000	6,000					195,000	163,150	50,592	51,192
2030	100,000	3,000					205,000	153,400	53,627	48,156
2031							215,000	143,150	56,845	44,939
2032							220,000	132,400	60,142	41,642
2033							230,000	123,600	63,864	37,919
2034							245,000	114,400	67,696	34,088
2035							250,000	104,600	71,758	30,026
2036							265,000	94,600	75,993	25,791
2037							270,000	84,000	80,623	21,161
2038							280,000	73,200	85,460	16,323
2039							300,000	62,000	90,588	11,196
2040							310,000	50,000	96,007	5,776
2041							320,000	37,600		
2042							300,000	24,800		
2043							320,000	6,400		
2044										
2045										
2046										
	500,000	43,000	162,510	11,673	125,000	3,238	4,445,000	1,910,000	988,306	538,451

--Continued on next page

Village of Somerset, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 03/10/2026)

Dated	Promissory Notes Series 2025A		Promissory Notes Series 2026A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Amount	Maturity	Amount	Maturity						
	06/10/2025		03/10/2026							
	\$1,600,000		\$2,215,000*							
	11/01		09/01							
			Final Maturity 03/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	96,677	0	0	419,780	366,830	786,610	9,616,036	4.18%	2026
2027	0	69,469	0	125,917	434,184	449,746	883,931	9,181,852	8.51%	2027
2028	65,000	69,469	0	85,368	453,655	392,177	845,831	8,728,197	13.03%	2028
2029	65,000	66,219	0	85,368	410,592	371,928	782,520	8,317,605	17.12%	2029
2030	70,000	62,969	100,000	85,368	528,627	352,893	881,520	7,788,978	22.39%	2030
2031	75,000	59,469	100,000	81,768	446,845	329,325	776,170	7,342,133	26.84%	2031
2032	75,000	55,719	110,000	78,268	465,142	308,028	773,170	6,876,991	31.48%	2032
2033	80,000	51,969	110,000	74,528	483,864	288,016	771,880	6,393,126	36.30%	2033
2034	85,000	47,969	115,000	70,843	512,696	267,299	779,995	5,880,430	41.41%	2034
2035	90,000	43,719	120,000	66,990	531,758	245,335	777,093	5,348,672	46.70%	2035
2036	95,000	40,119	120,000	62,850	555,993	223,360	779,353	4,792,679	52.24%	2036
2037	95,000	36,319	130,000	58,590	575,623	200,070	775,693	4,217,056	57.98%	2037
2038	100,000	32,519	130,000	53,910	595,460	175,952	771,413	3,621,596	63.91%	2038
2039	105,000	28,519	140,000	49,100	635,588	150,814	786,403	2,986,007	70.25%	2039
2040	110,000	24,319	140,000	43,780	656,007	123,875	779,882	2,330,000	76.78%	2040
2041	115,000	19,919	150,000	38,250	585,000	95,769	680,769	1,745,000	82.61%	2041
2042	120,000	15,319	155,000	32,175	575,000	72,294	647,294	1,170,000	88.34%	2042
2043	125,000	10,519	160,000	25,743	605,000	42,661	647,661	565,000	94.37%	2043
2044	130,000	5,363	165,000	19,023	295,000	24,385	319,385	270,000	97.31%	2044
2045			175,000	11,928	175,000	11,928	186,928	95,000	99.05%	2045
2046			95,000	2,114	95,000	2,114	97,114	0	100.00%	2046
	1,600,000	836,559	2,215,000	1,151,876	10,035,816	4,494,796	14,530,612			

* Preliminary, subject to change.

1) This issue will refund the 2027 through 2030 maturities of the Village's \$993,486 State Trust Fund Loan, dated January 21, 2026.

Village of Somerset, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Sewer and Water Revenues
 (As of 03/10/2026)

Dated Amount	Water & Sewer System Bonds Series 2019		Water & Sewer System Revenue Bonds Series 2022							
	06/12/2019		07/13/2022							
\$1,057,488			\$3,094,581							
Maturity	05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	49,995	15,296	141,101	56,194	191,096	71,491	262,586	3,438,394	5.27%	2026
2027	50,985	14,297	143,972	53,294	194,957	67,591	262,547	3,243,438	10.64%	2027
2028	51,994	13,277	146,902	50,334	198,896	63,611	262,508	3,044,541	16.12%	2028
2029	53,024	12,238	149,892	47,314	202,915	59,552	262,467	2,841,626	21.71%	2029
2030	54,073	11,177	152,942	44,233	207,015	55,410	262,425	2,634,611	27.41%	2030
2031	55,144	10,096	156,054	41,089	211,198	51,185	262,383	2,423,413	33.23%	2031
2032	56,236	8,993	159,230	37,881	215,466	46,874	262,340	2,207,947	39.17%	2032
2033	57,349	7,869	162,470	34,608	219,820	42,476	262,296	1,988,127	45.22%	2033
2034	58,485	6,722	165,776	31,268	224,261	37,990	262,251	1,763,866	51.40%	2034
2035	59,643	5,553	169,150	27,860	228,793	33,412	262,205	1,535,073	57.71%	2035
2036	60,824	4,360	172,592	24,383	233,416	28,743	262,159	1,301,657	64.14%	2036
2037	62,028	3,144	176,104	20,835	238,133	23,978	262,111	1,063,524	70.70%	2037
2038	63,256	1,904	179,688	17,214	242,945	19,118	262,062	820,580	77.39%	2038
2039	64,509	639	183,345	13,521	247,854	14,159	262,013	572,726	84.22%	2039
2040			187,076	9,751	187,076	9,751	196,827	385,650	89.37%	2040
2041			190,883	5,906	190,883	5,906	196,789	194,767	94.63%	2041
2042			194,767	1,982	194,767	1,982	196,749	0	100.00%	2042
	797,545	115,565	2,831,945	517,665	3,629,490	633,230	4,262,720			

OVERLAPPING DEBT¹

Taxing District	2025 Equalized Value²	% In Village	Total G.O. Debt³	Village's Proportionate Share
St. Croix County	\$18,681,252,600	2.6500%	\$109,629,000	\$2,905,169
School District of Somerset	1,800,479,893	27.4959%	43,180,000	11,872,730
Northwood Technical College	66,959,697,256	0.7393%	37,710,000	<u>278,790</u>
Village's Share of Total Overlapping Debt				<u><u>\$15,056,688</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$495,059,000	Debt/ Per Capita 4,574⁴
Total General Obligation Debt*	\$10,035,816	2.03%	\$2,194.10
Village's Share of Total Overlapping Debt	<u>15,056,688</u>	<u>3.04%</u>	<u>3,291.80</u>
Total*	\$25,092,504	5.07%	\$5,485.90

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2025 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2021/22	\$1,715,261	100%	\$6.75
2022/23	1,910,370	100%	5.71
2023/24	1,994,513	100%	4.78
2024/25	2,139,454	100%	4.41
2025/26	2,254,514	In Process of Collection	4.65

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current State law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly collected from each taxing entity in the year following the levy year. The personal property tax was repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax was replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Total
2021/22	8.59	3.02	6.75	\$18.36
2022/23	8.18	3.00	5.71	16.89
2023/24	7.46	2.71	4.78	14.96
2024/25	6.94	2.58	4.41	13.93
2025/26	7.34	2.48	4.65	14.47

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of State programs exist which provide revenue to the Village. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the Village that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the Village beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2025, the Village received approximately \$312,500 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$306,400 received in 2024. The Village is expected to receive approximately \$321,800 in shared revenue under Chapter 79, Wis. Stats. in 2026. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1915 and is governed by a Village President and a seven-member Board of Trustees. All Trustees are elected to two-year terms. The appointed Treasurer/Deputy Clerk is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 19 full-time and 13 part-time employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2022, the fiscal year ended December 31, 2023 and the fiscal year ended December 31, 2024 ("Fiscal Year 2024"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$107,987, \$126,061 and \$148,293, respectively.

The Village has not adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Accounting principles generally accepted in the United States of America require that the Village's financial statements include amounts and disclosures related to participation in the WRS cost-sharing, multiple-employer defined benefit pension plan. The amount by which the departure would affect the asset, liability, deferred outflows of resources, deferred inflows of resources, net position, and expenses has not been determined.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.B in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible Village personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.¹

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the Village, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association	December 31, 2026

OTHER POST EMPLOYMENT BENEFITS

The Village does not provide any other post employment benefits.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature’s intervening motion to dismiss the plaintiffs’ challenge to the different classifications the Act created regarding collective bargaining rights. The court’s order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court’s order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs’ motion for judgment on the pleadings and striking down substantial portions of the Act. The court’s decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the Village to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. If, in the future, the Village were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Village could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Village is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Village could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings.

Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the Village were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or State law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of December 31, 2025)

Fund	Total Cash and Investments
General, Debt Service, Capital Improvements	\$474,507
Water Utility	1,160,229
Sewer Utility	<u>51,145</u>
 Total Funds on Hand	 <u><u>\$1,685,881</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the Village's enterprise funds have been as follows as of December 31 each year:

	2022 Audited	2023 Audited	2024 Audited
Water			
Total Operating Revenues	\$908,205	\$967,481	\$969,197
Less: Operating Expenses	<u>(622,908)</u>	<u>(701,349)</u>	<u>(712,820)</u>
Operating Income	\$285,297	\$266,132	\$256,377
Plus: Depreciation	241,869	258,851	276,656
Interest Income	<u>2,838</u>	<u>3,302</u>	<u>2,883</u>
Revenues Available for Debt Service	<u><u>\$530,004</u></u>	<u><u>\$528,285</u></u>	<u><u>\$535,916</u></u>
 Sewer			
Total Operating Revenues	\$861,244	\$875,118	\$915,388
Less: Operating Expenses	<u>(850,280)</u>	<u>(905,707)</u>	<u>(957,351)</u>
Operating Income	\$10,964	(\$30,589)	(\$41,963)
Plus: Depreciation	203,002	213,090	252,383
Interest Income	<u>13,711</u>	<u>57,470</u>	<u>66,056</u>
Revenues Available for Debt Service	<u><u>\$227,677</u></u>	<u><u>\$239,971</u></u>	<u><u>\$276,476</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited
Revenues					
Property taxes	\$1,283,304	\$1,304,440	\$1,333,509	\$1,409,809	\$1,510,794
Intergovernmental	524,850	690,416	649,231	601,122	696,873
Licenses and permits	143,397	136,460	105,133	143,217	161,657
Fines and forfeits	40,891	35,564	25,372	37,052	33,211
Public charges for services	220,272	231,831	242,355	267,449	282,106
Intergovernmental charges for services	48,817	52,795	49,255	29,423	24,686
Miscellaneous	17,908	30,712	27,474	46,366	116,966
Other	0	0	0	0	10,992
Total Revenues	<u>\$2,279,439</u>	<u>\$2,482,218</u>	<u>\$2,432,329</u>	<u>\$2,534,438</u>	<u>\$2,837,285</u>
Expenditures					
Current:					
General government	\$466,632	\$395,884	\$433,840	\$437,067	\$445,431
Public safety	963,325	1,033,661	1,003,998	1,124,541	1,261,841
Public works	555,943	548,129	584,115	633,841	634,200
Health and human services	1,043	813	1,610	1,541	1,778
Culture, recreation and education	351,031	348,683	371,360	379,103	436,706
Conservation and development	70,782	32,587	40,571	69,205	37,147
Debt service	8,780	0	0	0	0
Total Expenditures	<u>\$2,417,536</u>	<u>\$2,359,757</u>	<u>\$2,435,494</u>	<u>\$2,645,298</u>	<u>\$2,817,103</u>
Excess of revenues over (under) expenditures	(\$138,097)	\$122,461	(\$3,165)	(\$110,860)	\$20,182
Other Financing Sources (Uses)					
Sale of capital assets	\$19,678	\$0	\$0	\$0	\$158,658
Long-term debt issued	1,016,000	0	0	0	0
Transfers in	168,974	126,626	118,527	116,061	158,953
Transfers (out)	(35,203)	(1,008,780)	(65,891)	(17,955)	(224,000)
Total Other Financing Sources (Uses)	<u>1,169,449</u>	<u>(882,154)</u>	<u>52,636</u>	<u>98,106</u>	<u>93,611</u>
Net changes in Fund Balances	\$1,031,352	(\$759,693)	\$49,471	(\$12,754)	\$113,793
General Fund Balance January 1	\$641,331	\$1,672,683	\$912,990	\$962,461	\$949,707
Prior Period Adjustment	0	0	0	0	0
General Fund Balance December 31	<u>\$1,672,683</u>	<u>\$912,990</u>	<u>\$962,461</u>	<u>\$949,707</u>	<u>\$1,063,500</u>
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$1,033,226	\$27,436	\$214,097	\$532,706	\$7,567
Restricted	0	0	0	0	22,000
Assigned	386	992	233	449	184
Unassigned	639,071	884,562	748,131	416,552	1,033,749
Total	<u>\$1,672,683</u>	<u>\$912,990</u>	<u>\$962,461</u>	<u>\$949,707</u>	<u>\$1,063,500</u>

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31	
	2025 Adopted Budget ¹	2026 Adopted Budget ²
Revenues		
Property taxes	\$1,534,468	\$1,654,785
Intergovernmental	732,153	782,826
Licenses and permits	112,800	112,600
Fines and forfeits	33,500	30,000
Public charges for services	264,350	260,580
Intergovernmental charges for services	53,322	56,050
Miscellaneous	15,050	33,800
Other	107,388	111,950
Total Revenues	<u>\$2,853,031</u>	<u>\$3,042,591</u>
Expenditures		
Current:		
General government	\$446,949	\$454,192
Public safety	1,271,102	1,353,759
Public works	608,900	682,901
Health and human services	2,500	1,500
Culture, recreation and education	453,259	477,571
Conservation and development	66,084	68,080
Total Expenditures	<u>\$2,848,794</u>	<u>\$3,038,003</u>
Excess of revenues over (under) expenditures	\$4,237	\$4,588
Other Financing Sources (Uses)		
Sale of capital assets	\$0	\$0
Long-term debt issued	0	0
Transfers in	0	0
Transfers (out)	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Net changes in Fund Balances	\$4,237	\$4,588
General Fund Balance January 1	\$1,063,500	
Prior Period Adjustment	0	
Residual Equity Transfer in (out)	0	
General Fund Balance December 31	<u>\$1,067,737</u>	

¹ The 2025 budget was adopted on November 19, 2024.

² The 2026 budget was adopted on November 13, 2025.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 4,291, and a 2025 estimated population of 4,574, comprises an area of 1.84 square miles and is located approximately 30 miles north east of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Scientific Molding Corp. Ltd.	Plastic injection molding	600
School District of Somerset	Elementary and secondary education	182
Preco Laser Systems	Custom industrial laser machines and job shop	160
Schwing Boiset	Assembly & fabricating services	100
American Structural Metals, Inc.	Steel fabricator	60
Action Battery	Batteries-storage-wholesale	50
Bristol Ridge Golf Course Bar	Golf course, full-service restaurant & catering	41
The Village	Municipal government and services	32
General Sam's Event Center	Full-service restaurant	30
Dick's Fresh Market	Retail grocery	25

Source: Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

BUILDING PERMITS (as of December 31, 2025)

	2021	2022	2023	2024	2025
<u>New Single Family Homes</u>					
No. of building permits	48	38	46	27	41
Valuation	\$8,218,375	\$9,133,338	\$12,582,645	\$9,638,600	\$15,358,355
<u>New Multiple Family Buildings</u>					
No. of building permits	0	2	0	0	0
Valuation	\$0	\$584,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	1	8	14	8
Valuation	\$2,657,825	\$350,000	\$4,865,235	\$19,169,866	\$148,780,050
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	127	101	137	139	123
Valuation	\$17,652,480	\$11,772,337	\$18,832,038	\$29,807,802	\$164,657,420

Source: The Village.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	2,635
2020 U.S. Census Population	4,291
Percent of Change 2010 - 2020	62.85%
2025 Estimated Population	4,574

Income and Age Statistics

	The Village	St. Croix County	State of Wisconsin	United States
2024 per capita income	\$36,565	\$50,302	\$43,373	\$44,673
2024 median household income	\$80,395	\$103,046	\$77,485	\$80,734
2024 median family income	\$85,972	\$122,374	\$100,141	\$99,999
2024 median gross rent	\$1,191	\$1,271	\$1,087	\$1,413
2024 median value owner occupied units	\$286,600	\$377,700	\$266,500	\$332,700
2024 median age	27.9 yrs.	40.4 yrs.	40.2 yrs.	38.9 yrs.

	State of Wisconsin	United States
Village % of 2024 per capita income	84.30%	81.85%
Village % of 2024 median family income	85.85%	85.97%

Housing Statistics

	<u>The Village</u>		
	2020	2024	Percent of Change
All Housing Units	1,098	1,422	29.51%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	St. Croix County	St. Croix County	St. Croix County	State of Wisconsin
2021	50,574		3.3%	3.8%
2022	51,642		2.8%	2.8%
2023	52,607		3.1%	2.8%
2024 ¹	53,145		3.3%	3.0%
2025, December ¹	52,714		3.6%	3.0%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Village has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Notes, the Village represents that there have been no material adverse change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

VILLAGE OF SOMERSET, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**VILLAGE OF SOMERSET, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	5
STATEMENT OF ACTIVITIES	6
BALANCE SHEET – GOVERNMENTAL FUNDS	7
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	9
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	10
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	11
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	12
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	13
STATEMENT OF NET POSITION – FIDUCIARY FUND	15
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND	16
NOTES TO BASIC FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES	
1 – BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	45
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	46

**VILLAGE OF SOMERSET, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

A-1 – COMBINING BALANCE SHEET	49
A-2 – COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	50

GENERAL FUND

B-1 – DETAILED BALANCE SHEET	51
B-2 – DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	52

WATER UTILITY ENTERPRISE FUND

C-1 – STATEMENT OF NET POSITION	56
C-2 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	57
C-3 – STATEMENT OF CASH FLOWS	58
C-4 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	60

SEWER UTILITY ENTERPRISE FUND

C-5 – STATEMENT OF NET POSITION	61
C-6 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	62
C-7 – STATEMENT OF CASH FLOWS	63
C-8 – SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES	64



INDEPENDENT AUDITORS' REPORT

Village Board
Village of Somerset
Somerset, Wisconsin

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Somerset, Wisconsin (the Village), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Qualified Opinions on the Governmental Activities, Business-Type Activities, and Proprietary Funds

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and proprietary funds of the Village as of December 31, 2024, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Governmental Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Village of Somerset, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Somerset 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on the Governmental Activities, the Business-Type Activities, and Proprietary Funds

The Village has not adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Accounting principles generally accepted in the United States of America require that the Village's financial statements include amounts and disclosures related to participation in the Wisconsin Retirement System cost-sharing, multiple-employer defined benefit pension plan. The amount by which the departure would affect the asset, liability, deferred outflows of resources, deferred inflows of resources, net position, and expenses has not been determined.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Somerset'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Somerset's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

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

Supplementary Information

Our audit for the year ended December 31, 2024 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The individual and combining fund statements and schedules for the year ended December 31, 2024 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 for the year ended December 31, 2024, 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, except for the effects on the individual fund financial statements and schedules presented for the Water Utility Enterprise Fund and the Sewer Utility Enterprise Fund of the qualified opinion on the Proprietary Funds as explained in the Matters Giving Rise to the Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds section of our report, the individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2024.

Village Board
Village of Somerset

We also previously audited, in accordance with GAAS, the basic financial statements of the Village as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated August 13, 2024, which contained unmodified opinions on the respective financial statements of each major governmental fund and the aggregate remaining fund information and qualified opinions on the Governmental Activities, Business-Type Activities, and Proprietary Funds, resulting from the Village not adopting GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. The individual fund statements and schedules for the year ended December 31, 2023 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 related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for the effects on the individual fund financial statements and schedules presented for the Water Utility Enterprise Fund and the Sewer Utility Enterprise Fund of the qualified opinions described above, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2023.



CliftonLarsonAllen LLP

Hudson, Wisconsin
May 15, 2025

VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,705,975	\$ 396,884	\$ 4,102,859
Taxes Receivable	1,566,454	103,712	1,670,166
Accounts Receivable	50,801	215,117	265,918
Developers Accounts Receivable	112,226	-	112,226
Due from Other Governmental Units	149,995	-	149,995
Lease Receivable	-	16,478	16,478
Inventories	-	11,452	11,452
Installment Loans Receivable	64,484	-	64,484
Land Held for Resale	939,234	-	939,234
Restricted Assets:			
Cash and Investments	-	936,698	936,698
Capital Assets:			
Capital Assets Not Being Depreciated/Amortized	1,702,902	86,755	1,789,657
Capital Assets Being Depreciated/Amortized	18,046,851	24,331,900	42,378,751
Accumulated Depreciation/Amortization	<u>(6,452,707)</u>	<u>(4,468,675)</u>	<u>(10,921,382)</u>
Total Assets	19,886,215	21,630,321	41,516,536
LIABILITIES			
Vouchers and Accounts Payable	234,877	33,709	268,586
Accrued Interest Payable	58,867	26,738	85,605
Payroll Accruals	4,357	-	4,357
Due Other Governmental Units	97,890	-	97,890
Special Deposits	87,639	-	87,639
Other Current Liabilities	-	14,250	14,250
Long-Term Liabilities:			
Amounts Due Within One Year:			
Bonds Payable	63,750	300,626	364,376
Notes Payable	99,694	90,502	190,196
Financed Purchase Agreement	24,052	-	24,052
Compensated Absences	24,116	8,754	32,870
Amounts Due in More than One Year:			
Bonds Payable	1,968,750	6,443,242	8,411,992
Notes Payable	1,113,370	162,427	1,275,797
Bond Premium	67,807	100,866	168,673
Compensated Absences	<u>126,425</u>	<u>117,632</u>	<u>244,057</u>
Total Liabilities	3,971,594	7,298,746	11,270,340
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year's Property Taxes	2,167,249	-	2,167,249
Deferred Amount Related to Leases	-	<u>24,206</u>	<u>24,206</u>
Total Deferred Inflows of Resources	<u>2,167,249</u>	<u>24,206</u>	<u>2,191,455</u>
NET POSITION			
Net Investment in Capital Assets	10,943,131	13,173,954	24,117,085
Restricted For:			
Debt Service	46,887	-	46,887
Capital Projects and Plant Replacement	2,617,610	936,698	3,554,308
Housing Loan Programs	95,697	-	95,697
Park Dedication	22,000	-	22,000
Restricted for Other Purposes	205,342	-	205,342
Unrestricted	<u>(183,295)</u>	<u>196,717</u>	<u>13,422</u>
Total Net Position	<u>\$ 13,747,372</u>	<u>\$ 14,307,369</u>	<u>\$ 28,054,741</u>

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS	Expenses					
GOVERNMENTAL ACTIVITIES						
General Government	\$ 629,377	\$ 691	\$ -	\$ (610,139)	\$ -	\$ (610,139)
Public Safety	1,526,902	45,857	-	(1,302,834)	-	(1,302,834)
Public Works	1,278,574	153,701	1,339,168	483,763	-	483,763
Health and Human Services	1,778	-	-	(1,080)	-	(1,080)
Culture, Recreation, and Education	571,048	165,117	-	(327,410)	-	(327,410)
Conservation and Development	640,042	4	85,337	(554,701)	-	(554,701)
Interest and Fiscal Charges	140,415	-	-	(140,415)	-	(140,415)
Total Governmental Activities	4,788,136	365,370	1,424,505	(2,452,816)	-	(2,452,816)
BUSINESS-TYPE ACTIVITIES						
Water	809,654	-	642,538	-	823,027	823,027
Sewer	1,065,008	-	635,548	-	485,928	485,928
Total Business-Type Activities	1,874,662	-	1,278,086	-	1,308,955	1,308,955
Total Primary Government	\$ 6,662,798	\$ 365,370	\$ 2,702,591	(2,452,816)	1,308,955	(1,143,861)
GENERAL REVENUES						
Taxes						
Property Taxes, Levied for General Purposes				1,994,513	-	1,994,513
Property Taxes, Levied for TIF Districts				123,122	-	123,122
Other Taxes				376	-	376
Impact Fees				73,718	-	73,718
Grants and Contributions not Restricted for a Particular Purpose				357,481	-	357,481
Interest and Investment Earnings				150,510	68,939	219,449
Miscellaneous				29,563	-	29,563
TRANSFERS				111,950	(111,950)	-
Total General Revenues and Transfers				2,841,233	(43,011)	2,798,222
CHANGE IN NET POSITION						
Net Position - Beginning of Year				388,417	1,265,944	1,654,361
NET POSITION - END OF YEAR				13,358,955	13,041,425	26,400,380
				\$ 13,747,372	\$ 14,307,369	\$ 28,054,741

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Impact Fees Fund	Debt Service Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	Tax Incremental District #5 Fund	Tax Incremental District #6 Fund	Apple River Bridge Improvements Fund	Library Donations and Fines Fund	Other Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS												
Cash and Investments	\$ 1,789,212	\$ 606,088	\$ 105,786	\$ -	\$ 99,723	\$ -	\$ 693,069	\$ 164,292	\$ 204,939	\$ -	\$ 42,866	\$ 3,705,975
Taxes Receivable	938,491	-	191,166	2,368	-	11,176	9,253	-	-	414,000	-	1,566,454
Accounts Receivable	50,801	-	-	-	-	-	-	-	-	-	-	50,801
Developers Accounts Receivable	112,226	-	-	-	-	-	-	-	-	-	-	112,226
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	149,995	-	149,995
Due from Other Funds	-	-	-	-	-	-	-	566,843	-	-	-	566,843
Installment Loans Receivable	-	-	-	-	-	-	-	-	-	-	64,484	64,484
Land Held for Resale	-	-	-	129,000	-	810,234	-	-	-	-	-	939,234
Total Assets	\$ 2,890,730	\$ 606,088	\$ 296,952	\$ 131,368	\$ 99,723	\$ 821,410	\$ 702,322	\$ 731,135	\$ 204,939	\$ 563,995	\$ 107,350	\$ 7,156,012

	General Fund	Impact Fees Fund	Debt Service Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	Tax Incremental District #5 Fund	Tax Incremental District #6 Fund	Apple River Bridge Improvements Fund	Library Donations and Fines Fund	Other Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
LIABILITIES												
Vouchers and Accounts Payable	\$ 183,116	\$ -	\$ 32	\$ 1,833	\$ 1,833	\$ 32,772	\$ -	\$ 821	\$ -	\$ 14,470	\$ -	\$ 234,877
Payroll Accruals	4,357	-	-	-	-	-	-	-	-	-	-	4,357
Due Other Governmental Units	-	-	-	-	97,890	-	-	-	-	-	-	97,890
Due to Other Funds	-	-	-	90,820	-	231,815	-	-	-	244,208	-	566,843
Special Deposits	87,639	-	-	-	-	-	-	-	-	-	-	87,639
Total Liabilities	275,112	-	32	92,653	99,723	264,587	-	821	-	258,678	-	991,606

	General Fund	Impact Fees Fund	Debt Service Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	Tax Incremental District #5 Fund	Tax Incremental District #6 Fund	Apple River Bridge Improvements Fund	Library Donations and Fines Fund	Other Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES												
Succeeding Year's Property Taxes	1,539,286	-	191,166	2,368	-	11,176	9,253	-	-	414,000	-	2,167,249
Unavailable Revenue:												
Special Assessments and Charges	12,832	-	-	-	-	-	-	-	-	-	-	12,832
Unavailable Loans Receivable	-	-	-	-	-	-	-	-	-	-	64,484	64,484
Total Inflows of Resources	1,552,118	-	191,166	2,368	-	11,176	9,253	-	-	414,000	64,484	2,244,585

	General Fund	Impact Fees Fund	Debt Service Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	Tax Incremental District #5 Fund	Tax Incremental District #6 Fund	Apple River Bridge Improvements Fund	Library Donations and Fines Fund	Other Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES												
Nonspendable	7,567	-	-	129,000	-	-	-	-	-	-	-	136,567
Restricted	22,000	606,088	105,754	-	-	545,647	693,069	730,314	204,939	-	31,616	2,939,427
Committed	-	-	-	-	-	-	-	-	-	-	10,524	10,524
Assigned	184	-	-	-	-	-	-	-	-	-	726	910
Unassigned	1,033,749	-	-	(92,653)	-	-	-	(108,683)	-	-	-	832,413
Total Fund Balances	1,063,500	606,088	105,754	36,347	-	545,647	693,069	730,314	204,939	(108,683)	42,866	3,919,841
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,890,730	\$ 606,088	\$ 296,952	\$ 131,368	\$ 99,723	\$ 821,410	\$ 702,322	\$ 731,135	\$ 204,939	\$ 563,995	\$ 107,350	\$ 7,156,012

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES –
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 3,919,841

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 942,874	
Construction Work in Progress	760,028	
Land Improvements	508,109	
Buildings	3,816,524	
Equipment and Vehicles	1,296,973	
Infrastructure	12,367,615	
Right-To-Use Assets	57,630	
Accumulated Depreciation/Amortization	<u>(6,452,707)</u>	13,297,046

Some receivables, including special assessments, are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

77,316

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

General Obligation Bonds Payable	2,032,500	
General Obligation Notes Payable	1,213,064	
Financed Purchase Agreement	24,052	
Accrued Interest on Long-Term Debt	58,867	
Compensated Absences Payable	<u>150,541</u>	(3,479,024)

The premium on debt issued is deferred in the statement of net position and amortized over the life of the related debt. In the governmental funds the premium is considered an other financing source when received.

(67,807)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 13,747,372

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General Fund	Impact Fees Fund	Debt Service Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	Tax Incremental District #5 Fund	Tax Incremental District #6 Fund	Apple River Bridge Improvements Fund	Library Donations and Fines Fund	Other Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES												
Taxes	\$ 1,510,794	\$ -	\$ 194,095	\$ 7,300	\$ 115,822	\$ -	\$ -	\$ -	\$ -	\$ 290,000	\$ -	\$ 2,118,011
Intergovernmental	696,873	-	-	374	-	-	-	-	-	85,337	-	782,584
Licenses and Permits	161,657	73,718	-	-	-	-	-	-	-	-	-	235,375
Fines, Forfeits and Penalties	33,211	-	-	-	-	-	-	-	-	-	-	33,211
Public Charges for Services	282,106	-	-	-	-	-	-	-	81	-	46,391	328,578
Intergovernmental Charges for Services	24,686	-	-	-	-	-	-	-	-	-	-	24,686
Miscellaneous:												
Interest	81,931	1,096	-	-	-	-	-	51,320	15,655	-	510	150,512
Rent	1,200	-	-	-	-	-	-	-	-	-	-	1,200
Sale of Property	5,922	-	-	-	-	-	-	-	-	-	-	5,922
Donations	27,913	-	-	-	-	-	-	-	5	-	-	27,918
Other	10,992	-	-	-	-	-	-	-	-	-	6,257	17,249
Total Revenues	2,837,285	74,814	194,095	7,674	115,822	-	-	51,320	15,741	375,337	53,158	3,725,246
EXPENDITURES												
General Government	445,431	19,438	-	1,000	5,500	-	-	-	-	16,972	-	488,341
Public Safety	1,261,841	-	-	-	-	-	-	-	-	272,300	45,501	1,579,642
Public Works	634,200	-	-	-	-	-	-	47,356	-	252,851	-	934,407
Health and Human Services	1,778	-	-	-	-	-	-	-	-	-	-	1,778
Culture, Recreation, and Education	436,706	-	-	-	-	-	-	-	13,157	43,492	-	493,355
Conservation and Development	37,147	-	-	19,205	99,723	132,261	20,618	-	-	-	-	308,954
Debt Service:												
Principal	-	-	158,969	-	-	-	-	-	-	-	-	158,969
Interest and Fiscal Charges	-	-	117,244	-	-	-	-	-	-	-	-	117,244
Debt Issuance Costs	-	-	10,032	-	-	-	-	-	-	-	-	10,032
Total Expenditures	2,817,103	19,438	286,245	20,205	105,223	132,261	20,618	47,356	13,157	685,615	45,501	4,092,722
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,182	55,376	(92,150)	(12,531)	10,599	(132,261)	(20,618)	3,964	2,584	(210,278)	7,657	(367,476)
OTHER FINANCING SOURCES (USES)												
Issuance of Long-Term Debt	-	-	1,026,000	-	-	-	-	-	-	-	-	1,026,000
Transfers In	158,953	-	130,751	-	-	-	-	-	-	227,084	-	516,788
Transfers Out	(224,000)	-	-	(87,232)	(47,003)	(19,407)	-	-	(3,084)	(24,112)	-	(404,838)
Sale of Capital Assets	158,658	-	-	-	-	-	742,150	-	-	-	-	900,808
Principal Payments on Refinanced Debt	-	-	(1,016,000)	-	-	-	-	-	-	-	-	(1,016,000)
Total Other Financing Sources (Uses)	93,611	-	(140,751)	(87,232)	(47,003)	(19,407)	742,150	-	(3,084)	202,972	-	1,022,758
NET CHANGE IN FUND BALANCES	113,793	55,376	48,601	(99,763)	(36,404)	(151,668)	721,532	3,964	(500)	(7,306)	7,657	655,292
Fund Balances (Deficit) - Beginning of Year, As Originally Reported	949,707	550,712	57,153	136,110	36,404	697,315	-	726,350	205,439	(101,377)	6,746	3,264,559
Change Within Financial Reporting Entity - Nonmajor to Major Fund	-	-	-	-	-	-	(28,463)	-	-	-	-	-
Fund Balances (Deficit) - Beginning of Year, as Restated	949,707	550,712	57,153	136,110	36,404	697,315	(28,463)	726,350	205,439	(101,377)	35,209	3,264,559
FUND BALANCES - END OF YEAR	\$ 1,063,500	\$ 606,088	\$ 105,754	\$ 36,347	\$ -	\$ 545,647	\$ 693,069	\$ 730,314	\$ 204,939	\$ (108,683)	\$ 42,866	\$ 3,919,841

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 655,282

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 152,655	
Capital Outlays Financed by Developers	1,339,168	
Depreciation/Amortization Expense Reported in the Statement of Activities	<u>(580,215)</u>	911,608

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources and trade-ins are not reflected in capital outlays. (1,339,168)

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements. 189

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities. Long-term debt incurred in the current year is:

General Obligation Bonds (1,026,000)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

General Obligation Bonds Principal Retirement	75,625	
General Obligation Notes Principal Retirement	1,076,000	
Financed Purchase Agreement Principal Retirement	<u>23,344</u>	1,174,969

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	(22,337)	
Net Change in the Debt Premium	9,198	
Net Change in Compensated Absences Payable	<u>24,676</u>	<u>11,537</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 388,417

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 396,884	\$ -	\$ 396,884
Customer Accounts Receivable	97,993	117,124	215,117
Accounts Receivable on Tax Roll	43,054	60,658	103,712
Due from Other Funds	294,259	-	294,259
Lease Receivable	16,478	-	16,478
Inventories	11,452	-	11,452
Total Current Assets	<u>860,120</u>	<u>177,782</u>	<u>1,037,902</u>
Restricted Assets:			
Equipment Replacement Fund Cash and Investments	-	936,698	936,698
Capital Assets:			
Utility Plant in Service	11,487,834	12,873,982	24,361,816
Less: Accumulated Depreciation	3,061,773	1,406,902	4,468,675
Net Capital Assets	<u>8,426,061</u>	<u>11,467,080</u>	<u>19,893,141</u>
Construction Work in Progress	-	56,839	56,839
Total Capital Assets	<u>8,426,061</u>	<u>11,523,919</u>	<u>19,949,980</u>
Total Assets	9,286,181	12,638,399	21,924,580
LIABILITIES			
Current Liabilities:			
Accounts Payable	7,607	26,102	33,709
Accrued Interest	12,373	14,365	26,738
Due to Other Funds	-	294,259	294,259
Other Current Liabilities	14,250	-	14,250
Current Portion of Long-Term Debt:			
Revenue Bonds	49,024	130,352	179,376
General Obligation Bonds	97,500	23,750	121,250
General Obligation Notes	75,502	15,000	90,502
Accrued Compensated Absences	4,612	4,142	8,754
Total Current Liabilities	<u>260,868</u>	<u>507,970</u>	<u>768,838</u>
Long-Term Liabilities (Net of Current Portion):			
Revenue Bonds	797,546	2,669,446	3,466,992
General Obligation Bonds	1,672,500	1,303,750	2,976,250
General Obligation Notes	162,427	-	162,427
Unamortized Debt Premium	57,508	43,358	100,866
Accrued Compensated Absences	54,763	62,869	117,632
Total Long-Term Liabilities	<u>2,744,744</u>	<u>4,079,423</u>	<u>6,824,167</u>
Total Liabilities	3,005,612	4,587,393	7,593,005
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Leases	24,206	-	24,206
NET POSITION			
Net Investment in Capital Assets	5,835,691	7,338,263	13,173,954
Restricted for Equipment Replacement	-	936,698	936,698
Unrestricted	420,672	(223,955)	196,717
Total Net Position	<u>\$ 6,256,363</u>	<u>\$ 8,051,006</u>	<u>\$ 14,307,369</u>

See accompanying Notes to Basic Financial Statements

VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES			
Sales of Water/Sewerage Revenues:			
Residential	\$ 398,115	\$ 683,280	\$ 1,081,395
Commercial	89,965	108,237	198,202
Industrial	27,970	36,263	64,233
Multi-Family	23,982	52,229	76,211
Public Authorities	25,124	12,099	37,223
Private Fire Protection	13,620	-	13,620
Public Fire Protection	231,412	-	231,412
Total Sales of Water/Sewerage Revenues	<u>810,188</u>	<u>892,108</u>	<u>1,702,296</u>
Other Operating Revenues	159,009	23,280	182,289
Total Operating Revenues	<u>969,197</u>	<u>915,388</u>	<u>1,884,585</u>
OPERATING EXPENSES			
Operation and Maintenance	436,164	704,968	1,141,132
Depreciation	276,656	252,383	529,039
Total Operating Expenses	<u>712,820</u>	<u>957,351</u>	<u>1,670,171</u>
OPERATING INCOME (LOSS)	256,377	(41,963)	214,414
NONOPERATING REVENUES (EXPENSES)			
Interest Revenue	2,883	66,056	68,939
Interest Expense	(104,580)	(112,971)	(217,551)
Amortization of Debt Premium	7,746	5,314	13,060
Lease Revenue	20,946	-	20,946
Total Nonoperating Revenues (Expenses)	<u>(73,005)</u>	<u>(41,601)</u>	<u>(114,606)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	183,372	(83,564)	99,808
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions - Customers/Developers/Grants	533,397	361,816	895,213
Hook-Up Fees	-	54,343	54,343
Capital Contributions - TID #5	109,141	219,389	328,530
Transfer to Governmental Funds - Property Tax Equivalent	(111,950)	-	(111,950)
Total Contributions and Transfers	<u>530,588</u>	<u>635,548</u>	<u>1,166,136</u>
CHANGE IN NET POSITION	713,960	551,984	1,265,944
Net Position - Beginning of Year	5,542,403	7,499,022	13,041,425
NET POSITION - END OF YEAR	<u>\$ 6,256,363</u>	<u>\$ 8,051,006</u>	<u>\$ 14,307,369</u>

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Utility Customers	\$ 685,366	\$ 887,409	\$ 1,572,775
Cash Received for Public Fire Protection	231,412	-	231,412
Cash Received (Paid) for Meter Related Charges	35,331	(35,331)	-
Cash Paid to Suppliers for Goods and Services	(129,305)	(364,584)	(493,889)
Cash Paid for Employee Services	(304,304)	(297,454)	(601,758)
Net Cash Provided by Operating Activities	518,500	190,040	708,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Working Capital Provided by (Repaid to) Governmental Funds	-	(504,243)	(504,243)
Working Capital Received by (Paid to) Other Enterprise Fund	(294,259)	294,259	-
Cash Payments for Tax Equivalent	(111,950)	-	(111,950)
Net Cash Provided (Used) by Noncapital Financing Activities	(406,209)	(209,984)	(616,193)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Payments for Capital Assets	(81,835)	(721,294)	(803,129)
Cash Received from Customer Contributions and Grants	-	222,768	222,768
Cash Received from Issuance of Debt	-	787,990	787,990
Lease Payments Received	24,140	-	24,140
Principal Paid on Long-Term Debt	(233,243)	(162,473)	(395,716)
Interest Paid on Long-Term Debt	(124,301)	(124,238)	(248,539)
Net Cash Provided (Used) by Capital and Related Financing Activities	(415,239)	2,753	(412,486)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	2,883	66,056	68,939
NET CHANGE IN CASH AND CASH EQUIVALENTS	(300,065)	48,865	(251,200)
Cash and Cash Equivalents - Beginning of Year	696,949	887,833	1,584,782
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 396,884</u>	<u>\$ 936,698</u>	<u>\$ 1,333,582</u>

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 256,377	\$ (41,963)	\$ 214,414
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Activities:			
Depreciation	276,656	252,383	529,039
(Increase) Decrease in Assets:			
Customer Accounts Receivable	(14,100)	(15,166)	(29,266)
Accounts Receivable on Tax Roll	(2,988)	(12,813)	(15,801)
Inventories	2,193	-	2,193
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,923)	(8,410)	(11,333)
Accrued Compensated Absences	3,285	16,009	19,294
	<u>\$ 518,500</u>	<u>\$ 190,040</u>	<u>\$ 708,540</u>
Net Cash Provided by Operating Activities			
	<u>\$ 518,500</u>	<u>\$ 190,040</u>	<u>\$ 708,540</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS			
Cash and Investments per Statement of Net Position:			
Cash and Investments	\$ 396,884	\$ -	\$ 396,884
Cash and Investments - Restricted	-	936,698	936,698
	<u>\$ 396,884</u>	<u>\$ 936,698</u>	<u>\$ 1,333,582</u>
CASH AND CASH EQUIVALENTS			
	<u>\$ 396,884</u>	<u>\$ 936,698</u>	<u>\$ 1,333,582</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Financed Directly by Developers/Customers/Grants	\$ 533,397	\$ 361,816	\$ 895,213
Capital Assets Financed Directly by Governmental Funds	\$ 109,141	\$ 219,389	\$ 328,530

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF NET POSITION –
FIDUCIARY FUND
DECEMBER 31, 2024**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 1,294,219
Taxes Receivable	3,323,289
Total Assets	<u>4,617,508</u>
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Taxes	<u>4,617,508</u>
 FIDUCIARY NET POSITION - HELD FOR OTHERS	 <u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION –
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 4,242,081
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>4,242,081</u>
CHANGE IN NET POSITION	-
Net Position, January 1	<u>-</u>
NET POSITION, DECEMBER 31	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Somerset (the Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units, except that the Village has not adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 Village are described below:

A. Reporting Entity

The Village of Somerset is governed by a seven member elected board consisting of the village president and six trustees elected at large.

The financial reporting of the Village is defined by the GASB to consist of: (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the Village consist of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the Village.

B. Government-Wide and Fund Financial Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds) as described below:

Government-Wide Statements

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

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

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

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

Impact Fees Fund – The Impact Fees Fund, a special revenue fund, is used to account for the accumulation and use of various impact fees imposed by the Village that are restricted for public improvements.

Debt Service Fund – Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds. For report purposes, the Village has combined its debt service departments into one fund.

Tax Incremental District #3 Fund – The Tax Incremental District #3 Fund, a capital projects fund, is used to account for the accumulation and expenditure of resources, including long-term borrowing, for financing capital projects within the scope of the project plan of the tax incremental district.

Tax Incremental District #4 Fund – The Tax Incremental District #4 Fund, a capital projects fund, is used to account for the accumulation and expenditure of resources, including long-term borrowing, for financing capital projects within the scope of the project plan of the tax incremental district.

Tax Incremental District #5 Fund – The Tax Incremental District #5 Fund, a capital projects fund, is used to account for the accumulation and expenditure of resources, including long-term borrowing, for financing capital projects within the scope of the project plan of the tax incremental district.

Tax Incremental District #6 Fund – The Tax Incremental District #6 Fund, a capital projects fund, is used to account for the accumulation and expenditure of resources, including long-term borrowing, for financing capital projects within the scope of the project plan of the tax incremental district.

Apple River Bridge Improvements Fund – The Apple River Bridge Improvements Fund, a capital projects fund, is used to account for financial resources to be used for maintaining the bridge the Village acquired by jurisdictional transfer from the state in 2006.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Library Donations and Fines Fund – The Library Donations and Fines Fund, a special revenue fund, is used to account for financial resources to be used for miscellaneous library operational expenditures and capital upgrades.

Other Capital Improvements Fund – The Other Capital Improvements Fund, a capital projects fund, is used to account for the accumulation of expenditures of resources, including long-term borrowing, for financing capital improvements.

All remaining governmental funds are aggregated and reported as nonmajor funds.

The Village reports the following major enterprise funds:

Water Utility – This fund accounts for the operations of the water system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

Sewer Utility – This fund accounts for the operations of the sewer collection system and treatment facilities.

The Village had no other enterprise funds to report as nonmajor funds.

Additionally, the Village reports the following fiduciary fund:

Custodial Fund – The custodial fund is primarily used to account for the collection of property taxes for other governmental units.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary funds and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues reported in the governmental funds to be available if they are collected within 60 days after the end of the current fiscal period. Developer accounts receivables are generally recognized when the projects are complete and expected to be collected in the subsequent year. State and federal aids under cost reimbursement programs are generally recognized when earned if expected to be collected in the subsequent year. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments are recognized based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Village 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.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

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

D. Accounting Changes and Adoption of New Accounting Standards

GASB Statement No. 101, *Compensated Absences*

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. This standard requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means.

The Village adopted the requirements of the guidance effective January 1, 2024 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of this standard had no impact on the Village's financial statements.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Accounting Changes and Adoption of New Accounting Standards (Continued)

The Tax Incremental Financing District #6 Fund previously did not meet the criteria to be reported as a major governmental fund. However, effective January 1, 2024, the fund now meets the criteria to be reported as a major governmental fund and is reported as such for the fiscal year ended December 31, 2024. The effect of that change to or within the financial reporting entity is shown in column C of the table below:

	December 31, 2023 As Previously Reported	Change to or within the Financial Reporting Entity (C)	December 31, 2023 As Adjusted
Governmental Funds			
Major Funds			
General Fund	\$ 949,707	\$ -	\$ 949,707
Impact Fees Fund	550,712	-	550,712
Debt Service Fimd	57,153	-	57,153
Tax Incremental District #3 Fund	136,110	-	136,110
Tax Incremental District #4 Fund	36,404	-	36,404
Tax Incremental District #5 Fund	697,315	-	697,315
Tax Incremental District #6 Fund	-	(28,463)	(28,463)
Apple River Bridge Improvements Fund	726,350	-	726,350
Library Fund	205,439	-	205,439
Other Capital Improvements Fund	(101,377)	-	(101,377)
Other Nonmajor Funds	6,746	28,463	35,209
	<u>\$ 3,264,559</u>	<u>\$ -</u>	<u>\$ 3,264,559</u>

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

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts. For purposes of the statement of cash flows, the Village's proprietary funds consider cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition to be cash equivalents.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Continued)

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities issued or guaranteed by the federal government.
- c. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- d. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f. Bonds or securities issued under the authority of the municipality.
- g. The local government investment pool.
- h. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

Investments of the Village are stated at fair value.

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax levy collected for other taxing jurisdictions is recorded in the Village's custodial fund. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore. Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the St. Croix County Treasurer for collection in February. St. Croix County subsequently settles in full with the Village in August of the same year, including settlement for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the Village as collections are received.) Delinquent personal property taxes are retained by the Village for collection. A portion of the general fund balance is classified as nonspendable for the Village's investment in delinquent taxes.

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 2024 tax roll are recognized as revenue in 2025.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable. All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Interfund Balances. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

5. Capital Assets

Government-Wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with initial, individual costs as shown below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Land and construction work in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated lives.

Assets	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-Line	10 to 50 Years
Buildings and Improvements	5,000	Straight-Line	20 to 50 Years
Equipment and Vehicles	5,000	Straight-Line	5 to 15 Years
Infrastructure	5,000	Straight-Line	20 to 50 Years
Utility Systems	Various	Straight-Line	4 to 100 Years
Right-to-Use Equipment	5,000	Straight-Line	5 to 15 Years

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as the government-wide statements.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Lessor

The Village is a lessor for a noncancellable lease of a water tower rental for a cell phone antenna. The Village recognizes a lease receivable and a deferred inflow of resources in the applicable business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Village uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

7. Deferred Outflows of Resources

The Village would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Inflows of Resources

The Village's governmental activities, business-type activities, governmental fund financial statements and proprietary fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues and proprietary fund revenues are not recognized until available (collected not later than 60 days after the end of the Village's year) under the modified accrual basis of accounting.

9. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The Village's policies and estimated liabilities at year end are further discussed at Note 4.C.

10. Long-Term Obligations

In the government-wide financial statements and proprietary 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 type statement of net position. In the governmental fund financial statements, 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.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Defining Operating Revenues and Expenses

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

12. Use of Restricted Resources

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

13. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the Village's financial statements:

Government-Wide, Proprietary Fund and Fiduciary Fund Statements. Fund equity is classified as net position in the government-wide, proprietary fund and fiduciary fund financial statements and is displayed in three components. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Governmental Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Equity Classifications (Continued)

Unassigned fund balance is the residual classification for the Village’s general fund and includes all spendable amounts not contained in the other classifications. It is the Village’s policy that at the end of each fiscal year, the Village will maintain an unassigned portion of fund balance of a minimum of 25% of general fund expenditures.

Committed fund balance is required to be established, modified, or rescinded by resolution of the Village Board prior to each year-end. Based on resolution of the Village Board, the Village’s Finance Committee will have the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the Village’s policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the Village’s policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Generally accepted accounting principles require the disclosure of individual funds that have deficit balances at year-end. The following funds had a deficit balance as of December 31, 2024:

Other Capital Improvements Fund \$ (108,683)

The Village anticipates the deficit in the Other Capital Improvements Fund will be funded through future budgets and savings in operations.

Actual expenditures exceeded budgeted amounts in the general fund as follows:

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government	\$ 431,707	\$ 431,707	\$ 445,431	\$ (13,724)
Public Safety	1,190,323	1,190,323	1,261,841	(71,518)
Public Works	562,422	562,422	634,200	(71,778)
Health and Human Services	1,500	1,500	1,778	(278)
Culture, Recreation, and Education	419,123	419,123	436,706	(17,583)

These overages were determined necessary, were authorized by the Village Board, and were financed by available resources and fund balance.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Village’s cash and investments balances at December 31, 2024, as shown in the financial statements as follows:

Governmental Funds	\$ 3,705,975
Proprietary Funds	1,333,582
Fiduciary Funds	1,294,219
Total	\$ 6,333,776

The above cash and investments balances consisted of the following:

Deposits at Financial Institutions	\$ 6,211,703
Deposits with Fiscal Agent	121,532
Petty Cash	541
Total	\$ 6,333,776

Deposits at Financial Institutions

The Village’s balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and an additional \$250,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$1,000,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the Village to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village’s deposits may not be returned. As of December 31, 2024 the Village’s deposits at financial institutions were fully covered by federal depository insurance, the State Guarantee Fund and bank collateralization.

Investment with Fiscal Agent

The deposits with fiscal agent consisted of amounts paid into the library endowment fund and are comprised of \$121,532 invested in CD accounts held at the St. Croix Valley Foundation.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Long-Term Receivables

Housing Rehabilitation Loans. The Village was awarded a Community Development Block Grant in 2003 through the state of Wisconsin to finance housing rehabilitation loans. Repayments received on the grant funded loans are to be recorded in a revolving loan fund (special revenue fund) and are to be used for financing similar housing rehabilitation loans in accordance with the grant agreements. Loans made under the grant program are generally subject to collection by the Village only upon the occurrence of certain events as enumerated in the grant agreement. The outstanding balance of loans at December 31, 2024, totaled \$64,484. This balance is equally offset by deferred inflow of resources balance in the special revenue fund. Payments are recognized as revenue when received by the Village. At December 31, 2024, the fund balance was \$31,213.

C. Capital Assets

Capital assets activity for the year ended December 31, 2024, is as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 2,469,501	\$ -	\$ 1,526,627	\$ 942,874
Construction Work in Progress	1,347,347	520,874	1,108,193	760,028
Total Capital Assets, Nondepreciable/Nonamortizable	3,816,848	520,874	2,634,820	1,702,902
Capital Assets, Depreciable/Amortizable:				
Land Improvements	499,829	8,280	-	508,109
Buildings	3,816,524	-	-	3,816,524
Equipment and Vehicles	1,253,001	79,017	35,045	1,296,973
Infrastructure	10,188,311	2,179,304	-	12,367,615
Right-To-Use Assets - Equipment and Vehicles	57,630	-	-	57,630
Total Capital Assets, Depreciable/Amortizable	15,815,295	2,266,601	35,045	18,046,851
Less: Accumulated Depreciation/Amortization for:				
Land Improvements	259,917	17,390	-	277,307
Buildings	783,533	79,031	-	862,564
Equipment and Vehicles	694,926	93,780	35,045	753,661
Infrastructure	4,111,531	390,014	-	4,501,545
Right-To-Use Assets - Equipment and Vehicles	57,630	-	-	57,630
Subtotals	5,907,537	580,215	35,045	6,452,707
Total Capital Assets, Depreciable/Amortizable, Net	9,907,758	1,686,386	-	11,594,144
Governmental-Activities Capital Assets, Net	<u>\$ 13,724,606</u>	<u>\$ 2,207,260</u>	<u>\$ 2,634,820</u>	<u>\$ 13,297,046</u>

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Governmental Activities (Continued)

Depreciation/amortization was charged to governmental functions as follows:

General Government	\$ 13,162
Public Safety	35,840
Public Works	440,226
Culture, Recreation, and Education	90,180
Conservation and Development	<u>807</u>
Total Depreciation/Amortization - Governmental Activities	<u>\$ 580,215</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility				
Capital Assets Not Being Depreciated				
Land and Land Rights	\$ 7,340	\$ -	\$ -	\$ 7,340
Capital Assets Being Depreciated:				
Source of Supply	1,247,662	-	-	1,247,662
Pumping Plant	442,174	23,898	18,982	447,090
Water Treatment	48,193	-	-	48,193
Transmission and Distribution	8,648,796	699,535	5,120	9,343,211
General Plant	394,164	940	766	394,338
Total Capital Assets Being Depreciated	<u>10,780,989</u>	<u>724,373</u>	<u>24,868</u>	<u>11,480,494</u>
Total Capital Assets	10,788,329	724,373	24,868	11,487,834
Less: Accumulated Depreciation	<u>2,809,985</u>	<u>276,656</u>	<u>24,868</u>	<u>3,061,773</u>
Net Capital Assets - Water Utility	7,978,344	447,717	-	8,426,061
Sewer Utility				
Capital Assets Not Being Depreciated				
Land and Land Rights	22,576	-	-	22,576
Construction Work in Progress	4,594,332	167,299	4,704,792	56,839
Total Capital Assets Not Being Depreciated	<u>4,616,908</u>	<u>167,299</u>	<u>4,704,792</u>	<u>79,415</u>
Capital Assets Being Depreciated:				
Collection System	5,258,512	490,254	-	5,748,766
Pumping System	551,580	57,431	-	609,011
Treatment and Disposal Plant	3,917,041	4,725,920	2,515,607	6,127,354
General Plant	365,335	940	-	366,275
Total Capital Assets Being Depreciated	<u>10,092,468</u>	<u>5,274,545</u>	<u>2,515,607</u>	<u>12,851,406</u>
Total Capital Assets	14,709,376	5,441,844	7,220,399	12,930,821
Less: Accumulated Depreciation	<u>3,670,126</u>	<u>252,383</u>	<u>2,515,607</u>	<u>1,406,902</u>
Net Capital Assets - Sewer Utility	<u>11,039,250</u>	<u>5,189,461</u>	<u>4,704,792</u>	<u>11,523,919</u>
Net Capital Assets - Business-Type Activities	<u>\$ 19,017,594</u>	<u>\$ 5,637,178</u>	<u>\$ 4,704,792</u>	<u>\$ 19,949,980</u>

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation was charged to business-type activities as follows:

Business-Type Activities (Continued)

Water	\$	276,656
Sewer		252,383
Total Depreciation - Business-Type Activities		\$ 529,039

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2024, was as follows:

Due from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Apple River Bridge Improvements Fund	Tax Incremental District #3 Fund	\$ 90,820	Cash Flows
Apple River Bridge Improvements Fund	Other Capital Improvements Fund	244,208	Cash Flows
Apple River Bridge Improvements Fund	Tax Incremental District #5 Fund	231,815	Cash Flows
Water Utility	Sewer Utility	294,259	Cash Flows
		\$ 861,102	

Interfund Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 111,950	Property Tax Equivalent
Debt Service Fund	Other Capital Improvements Fund	24,112	Finance Current Year Debt Maturities
Debt Service Fund	Tax Incremental District #3 Fund	87,232	Finance Current Year Debt Maturities
General Fund	Tax Incremental District #4 Fund	47,003	TID Closing Disbursements
Debt Service Fund	Tax Incremental District #5 Fund	19,407	Finance Current Year Debt Maturities
Other Capital Improvements Fund	General Fund	224,000	Finance Project Costs
Other Capital Improvements Fund	Library Donations and Fines Fund	3,084	Finance Project Costs
		\$ 516,788	

Interfund balances that are owed within the governmental activities and business-type activities are eliminated in the statement of net position.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

Changes in Long-Term Obligations

The following is a schedule of changes in long-term obligations of the Village for the year ended December 31, 2024:

	Balance 1/1/24	Additions	Deletions	Balance 12/31/24	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 2,108,125	\$ -	\$ 75,625	\$ 2,032,500	\$ 63,750
Notes from Direct Borrowings	1,263,064	1,026,000	1,076,000	1,213,064	99,694
Financed Purchase Agreement	47,396	-	23,344	24,052	24,052
Bond Premiums	77,005	-	9,198	67,807	-
Compensated Absences*	175,217	-	24,676	150,541	24,116
Governmental Activities - Long-Term Liabilities	<u>\$ 3,670,807</u>	<u>\$ 1,026,000</u>	<u>\$ 1,208,843</u>	<u>\$ 3,487,964</u>	<u>\$ 211,612</u>
Business-Type Activities					
General Obligation Bonds	\$ 3,231,875	\$ -	\$ 134,375	\$ 3,097,500	\$ 121,250
Notes from Direct Borrowings	341,851	-	88,922	252,929	90,502
Revenue Bonds	3,030,797	787,990	172,419	3,646,368	179,376
Bond Premiums	113,926	-	13,060	100,866	-
Compensated Absences*	107,092	19,294	-	126,386	8,754
Business-Type Activities - Long-Term Liabilities	<u>\$ 6,825,541</u>	<u>\$ 807,284</u>	<u>\$ 408,776</u>	<u>\$ 7,224,049</u>	<u>\$ 399,882</u>

*The change is presented as a net change.

The Village's estimated liabilities for employee vacation and sick leave are discussed in Note 4.C.

On February 29, 2024, the Village issued \$1,026,000 State Trust Fund Loan from the Wisconsin Board of Commissioners of Public Lands for the purpose of refinancing the 2020B General Obligation Promissory Note. This loan bears an interest rate of 6 percent and matures on March 15, 2040.

General Obligation Long-Term Debt

All general obligation bonds, notes and other long-term obligations are backed by the full faith and credit of the Village. General obligation long-term debt will be retired by future tax levies accumulated by the debt service fund for governmental activities. It is anticipated that operating revenues of the water and sewer utilities will provide sufficient revenues to offset all required principal and interest maturities on the general obligation debt included in the business-type activities.

The Village's outstanding State Trust Fund note from direct borrowings are subject to a statutory provision that in an event of late or nonpayment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Annual Requirements for Retirement. Individual general obligation long-term debt issues outstanding at December 31, 2024, and annual requirements for their retirement were as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
Governmental Activities:					
General Obligation Bonds:					
Corporate Purpose Bonds, Series 2016A	10/12/16	11/1/30	1.50% - 2.00%	\$ 1,170,000	\$ 412,500
Corporate Purpose Bonds, Series 2023A	9/6/23	6/1/43	4.50%-5.00%	1,660,000	1,620,000
General Obligation Notes:					
Promissory Note, Series 2015A	8/25/15	6/1/25	2.39%	241,000	8,000
Promissory Note, Series 2020A	12/3/20	11/1/27	1.75%	262,000	179,064
State Trust Fund Loan, 2024	2/29/24	12/31/40	6.00%	1,026,000	1,026,000
Business-Type Activities:					
General Obligation Bonds:					
Corporate Purpose Bonds, Series 2016A	10/12/16	11/1/30	1.50% - 2.00%	585,000	187,500
Corporate Purpose Bonds, Series 2023A	9/6/23	6/1/43	4.50%-5.00%	2,980,000	2,910,000
General Obligation Notes:					
Promissory Note, Series 2015A	8/25/15	6/1/25	2.39%	395,000	40,000
Promissory Note, Series 2018	8/21/18	8/21/28	3.50%	481,625	212,929
Total				<u>\$ 8,800,625</u>	<u>\$ 6,595,993</u>

Minimum annual principal and interest payments required to retire long-term debt, together with the expected funding sources, are shown below:

Year	Governmental Activities								
	Annual Requirements					Funding Source			
	Bonded Debt		Notes from Direct Borrowings		Total	General Fund	TID #3 Fund	TID #5 Fund	Total
Principal	Interest	Principal	Interest						
2025	\$ 63,750	\$ 79,566	\$ 99,694	\$ 67,428	\$ 310,438	\$ 123,154	\$ 69,800	\$ 117,484	\$ 310,438
2026	88,750	77,664	107,485	61,485	335,384	124,351	78,550	132,483	335,384
2027	110,000	74,738	105,099	57,607	347,444	133,910	81,800	131,734	347,444
2028	170,000	70,550	47,589	54,195	342,334	126,550	79,800	135,984	342,334
2029	170,000	64,300	50,592	51,192	336,084	123,300	77,800	134,984	336,084
2030-2034	515,000	239,200	302,175	206,744	1,263,119	182,300	415,300	665,519	1,263,119
2035-2039	500,000	145,200	404,423	104,496	1,154,119	74,000	413,200	666,919	1,154,119
2040-2043	415,000	37,900	96,007	5,777	554,684	65,700	323,600	165,384	554,684
Total	<u>\$ 2,032,500</u>	<u>\$ 789,118</u>	<u>\$ 1,213,064</u>	<u>\$ 608,924</u>	<u>\$ 4,643,606</u>	<u>\$ 953,265</u>	<u>\$ 1,539,850</u>	<u>\$ 2,150,491</u>	<u>\$ 4,643,606</u>

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Annual Requirements for Retirement. (Continued)

Year	Business-Type Activities							
	Annual Requirements					Funding Sources		
	Bonded Debt		Notes from Direct		Total	Water	Sewer	Total
Principal	Interest	Principal	Interest	Utility		Utility		
2025	\$ 121,250	\$ 129,585	\$ 90,502	\$ 8,461	\$ 349,798	\$ 255,594	\$ 94,204	\$ 349,798
2026	171,250	125,056	52,295	5,767	354,368	230,980	123,388	354,368
2027	165,000	117,913	54,150	3,911	340,974	219,124	121,850	340,974
2028	115,000	110,600	55,982	2,078	283,660	184,860	98,800	283,660
2029	125,000	104,850	-	-	229,850	128,550	101,300	229,850
2030-2034	700,000	430,750	-	-	1,130,750	630,400	500,350	1,130,750
2035-2039	865,000	273,200	-	-	1,138,200	637,600	500,600	1,138,200
2040-2043	835,000	80,900	-	-	915,900	509,900	406,000	915,900
Total	<u>\$ 3,097,500</u>	<u>\$ 1,372,854</u>	<u>\$ 252,929</u>	<u>\$ 20,217</u>	<u>\$ 4,743,500</u>	<u>\$ 2,797,008</u>	<u>\$ 1,946,492</u>	<u>\$ 4,743,500</u>

Revenues for Debt Retirement. It is anticipated that operating revenues of the water and sewer utilities will provide sufficient revenues to offset all required principal and interest maturities on the general obligation debt included in the enterprise funds.

Debt Limitation. Section 67.03 of the Wisconsin Statutes restricts Village general obligation debt to 5% of the equalized value of all property in the Village. At December 31, 2024 the Village's debt limit amounted to \$24,326,620 and indebtedness subject to the limitation totaled \$6,595,993.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds

On June 12, 2019, the Village authorized the issuance of \$1,141,266 through the Safe Drinking Water Loan Program for financing water utility improvements. In prior years, the Village had draws totaling \$1,057,488 on this bond.

On July 13, 2022, the Village authorized the issuance of \$3,094,581 through the Clean Water Fund Loan Program for financing sewer utility improvements. As of December 31, 2024, the Village had draws totaling \$2,924,147 on this bond.

The direct borrowings related to business-type activities contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate. Cash flow requirements for retirement of principal and interest on the bonds are as follows:

Annual Requirements for Retirement. Long-term debt issues outstanding at December 31, 2024 and annual requirements for their retirement by the sewer utility are as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
Business-Type Activities:					
Revenue Bonds:					
Sewer Utility Revenue Bonds	7/13/22	5/1/42	2.04%	\$ 2,924,147	\$ 2,799,799
Water Utility Revenue Bonds	6/12/19	5/1/39	1.98%	1,057,488	846,569
Total				<u>\$ 3,981,635</u>	<u>\$ 3,646,368</u>

Minimum annual principal and interest payments required to retire long-term debt, together with the expected funding sources, are shown below:

Year	Annual Requirements			Funding Source		
	Bonded Debt			Water Utility	Sewer Utility	Total
	Principal	Interest	Total			
2025	\$ 179,376	\$ 74,296	\$ 253,672	\$ 67,671	\$ 186,001	\$ 253,672
2026	182,999	71,150	254,149	68,175	185,974	254,149
2027	186,696	67,949	254,645	68,698	185,947	254,645
2028	190,467	64,684	255,151	69,232	185,919	255,151
2029	194,314	61,362	255,676	69,786	185,890	255,676
2030-2034	1,032,058	254,691	1,286,749	357,751	928,998	1,286,749
2035-2039	1,140,594	161,637	1,302,231	374,042	928,189	1,302,231
2040-2042	539,864	16,627	556,491	-	556,491	556,491
Total	<u>\$ 3,646,368</u>	<u>\$ 772,396</u>	<u>\$ 4,418,764</u>	<u>\$ 1,075,355</u>	<u>\$ 3,343,409</u>	<u>\$ 4,418,764</u>

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Notes Payable – Financed Purchase Agreement

The Village entered into a financed purchase agreement with Caterpillar Financial Services Corporation on January 22, 2021, for the purchase of a loader in the amount of \$113,390. The agreement bears an interest rate of 2.99 percent with final maturity in January 2025.

The future minimum payments for this agreement are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 24,052	\$ 60	\$ 24,112

F. Lease Receivable

The Village, acting as lessor, leases space on the water tower for a cell phone antenna under a long-term, noncancelable lease agreement. The initial term of the lease was for fifteen years expiring in 2025. During the year ended December 31, 2024, the Village recognized \$15,825 and \$1,275 in lease revenue and interest revenue, respectively, pursuant to the contract.

Total future lease payments to be received under the lease agreement are as follows:

	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 16,478	\$ 621	\$ 17,099

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2024 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund:						
Delinquent Taxes	\$ 7,567	\$ 7,567	\$ -	\$ -	\$ -	\$ -
Land Held for Resale	-	-	-	-	-	-
Assigned - National Night Out	184	-	-	-	184	-
Restricted for Park Dedication	22,000	-	22,000	-	-	-
Unassigned	1,033,749	-	-	-	-	1,033,749
Subtotal General Fund	1,063,500	7,567	22,000	-	184	1,033,749
Impact Fees to Support Public Improvements	606,088	-	606,088	-	-	-
Debt Service	105,754	-	105,754	-	-	-
Tax Incremental District #3	36,347	129,000	-	-	-	(92,653)
Tax Incremental District #5	545,647	-	545,647	-	-	-
Tax Incremental District #6	693,069	-	693,069	-	-	-
Apple River Bridge Improvements	730,314	-	730,314	-	-	-
Library	204,939	-	204,939	-	-	-
Other Capital Improvements Fund	(108,683)	-	-	-	-	(108,683)
Nonmajor Funds:						
Special Revenue Funds:						
Concert Fund	10,524	-	-	10,524	-	-
Federal Asset Forfeitures	403	-	403	-	-	-
CDBG Housing Rehabilitation Loans	31,213	-	31,213	-	-	-
Police Reimbursable Fund	726	-	-	-	726	-
Total Governmental Fund Balances at December 31, 2024	<u>\$ 3,919,841</u>	<u>\$ 136,567</u>	<u>\$ 2,939,427</u>	<u>\$ 10,524</u>	<u>\$ 910</u>	<u>\$ 832,413</u>

H. Tax Incremental Financing Districts

The Village has created six tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. Four TIDs were in existence during 2024. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

The resolution creating TID #3 was dated May 24, 2005. The project plans, on file in the office of the Village Administrative offices, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components.

The resolution creating TID #4 was created dated November 27, 2007. The project plan, on file in the office of the Village Administrative offices, details the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. This TID was closed in 2024.

The resolution creating TID #5 was created dated October 7, 2020. The project plan, on file in the office of the Village Administrative offices, details the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Tax Incremental Financing Districts (Continued)

The resolution creating TID #6 was created dated August 15, 2023. The project plan, on file in the office of the Village Administrative offices, details the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components.

Accumulated project costs and revenues from inception to December 31, 2024, are shown below:

	TID #3	TID #4	TID #5	TID #6
Accumulated Project Costs:				
Project Expenditures	\$ 1,476,416	\$ 2,034,050	\$ 768,757	\$ 49,081
Debt Expenditures:				
Interest Charges	173,666	1,006,827	46,738	-
Debt Issuance Costs	44,983	91,655	26,819	-
Transfers Out	435,573	47,003	-	-
Total Project Costs	<u>2,130,638</u>	<u>3,179,535</u>	<u>842,314</u>	<u>49,081</u>
Accumulated Project Revenues:				
Tax Increments	69,247	289,946	-	-
Intergovernmental Grants and Aids	2,656	43,597	-	-
Sale of Village Property	-	75,002	-	742,150
Other	22,077	-	6,961	-
Transfers In	1,023,005	2,770,990	-	-
Total Project Revenues	<u>1,116,985</u>	<u>3,179,535</u>	<u>6,961</u>	<u>742,150</u>
Future Project Revenues Necessary to Recover Project Costs to Date	<u>\$ 1,013,653</u>	<u>\$ -</u>	<u>\$ 835,353</u>	<u>\$ (693,069)</u>

The preceding summary of transactions is reconcilable to the balances in the TID capital projects funds at December 31, 2024 as follows:

	TID #3	TID #4	TID #5	TID #6
Outstanding Long-Term Debt Payable from TID Funds at December 31, 2024	\$ 1,050,000	\$ -	\$ 1,381,000	\$ -
Less Unrecovered Costs Above	<u>(1,013,653)</u>	<u>-</u>	<u>(835,353)</u>	<u>693,069</u>
Fund Balances (Deficits) at December 31, 2024	<u>\$ 36,347</u>	<u>\$ -</u>	<u>\$ 545,647</u>	<u>\$ 693,069</u>

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION

A. Participation in Biosolids Facility

The Village is a participating member of the West Central Wisconsin Biosolids Facility (Facility), a facility jointly constructed by eleven Wisconsin communities beginning in 1995 to provide for the treatment, storage and disposal of biosolids (sludge). The communities have created a commission pursuant to former Section 66.30 of the Wisconsin Statutes to administer the Facility with said commission to operate as a governmental body under Section 19.82(1) of the Statutes. Costs of operation of the Facility are to be recovered from users of the Facility (both members and nonmembers) based on usage. The Village is advanced billed quarterly for its estimated share of costs. The billings are subject to a final adjustment based on actual costs and actual usage. During 2024 the Village paid \$164,243 for its share of costs of operation.

B. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

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

The WRS also provides death and disability benefits for employees.

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

For the years ended December 31, 2024 the WRS recognized \$148,293 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.90%	6.90%
Executives and Elected Officials	6.90%	9.90%
Protective with Social Security	6.90%	14.32%
Protective without Social Security	6.90%	19.12%

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	-5.0
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	-10.0
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	-21.0

C. Compensated Absences Liability

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Liabilities for accumulated vacation and sick leave are not accrued in the Village’s governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the governmental activities and proprietary fund financial statements when earned. The estimated liability for unused vacation and sick leave at December 31, 2024, was \$276,927, with \$150,541 being payable by governmental activities and \$126,386 payable from the proprietary funds.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Joint Venture

The Town of Somerset and the Village of Somerset have jointly contracted to provide mutual fire protection and emergency medical rescue services for the Town and Village through the Somerset Fire and Rescue (Fire/Rescue Department) created for this purpose. Operations of the Fire/Rescue Department are governed by its bylaws and by a fire protection contract between the two municipalities. The Somerset Fire/Rescue Commission was also set up to act as an advisory group to the Town and Village and to oversee operations of the Fire/Rescue Department. The Commission is comprised of six members with two members chosen by each municipality and one member from each municipality governing body. Separate financial statements for the Commission can be obtained by contacting the Somerset Fire and Rescue. During 2024, the Village paid \$74,577 and \$55,999 for its share of Fire Department and Ambulance services, respectively.

E. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the last three years.

F. Commitments

The Village had entered into multiple contracts for various construction projects in the amount of \$2,028,035. As of December 31, 2024, \$1,912,158 has been completed since the inception of the contracts and the amount remaining on the contracts is \$115,877.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF SOMERSET, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,510,748	\$ 1,510,748	\$ 1,510,794	\$ 46
Intergovernmental	646,596	646,596	696,873	50,277
Licenses and Permits	96,885	96,885	161,657	64,772
Fines, Forfeits and Penalties	34,500	34,500	33,211	(1,289)
Public Charges for Services	230,480	230,480	282,106	51,626
Intergovernmental Charges for Services	15,028	15,028	24,686	9,658
Miscellaneous:				
Interest	11,050	11,050	81,931	70,881
Rent	-	-	1,200	1,200
Sale of Property	-	-	5,922	5,922
Donations	-	-	27,913	27,913
Other	4,000	4,000	10,992	6,992
Total Revenues	<u>2,549,287</u>	<u>2,549,287</u>	<u>2,837,285</u>	<u>287,998</u>
EXPENDITURES				
General Government	431,707	431,707	445,431	(13,724)
Public Safety	1,190,323	1,190,323	1,261,841	(71,518)
Public Works	562,422	562,422	634,200	(71,778)
Health and Human Services	1,500	1,500	1,778	(278)
Culture, Recreation, and Education	419,123	419,123	436,706	(17,583)
Conservation and Development	60,428	60,428	37,147	23,281
Total Expenditures	<u>2,665,503</u>	<u>2,665,503</u>	<u>2,817,103</u>	<u>(151,600)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(116,216)	(116,216)	20,182	136,398
OTHER FINANCING SOURCES (USES)				
Transfers In	118,257	118,257	158,953	40,696
Transfers Out	-	-	(224,000)	(224,000)
Sale of Capital Assets	-	-	158,658	158,658
Total Other Financing Sources (Uses)	<u>118,257</u>	<u>118,257</u>	<u>93,611</u>	<u>(24,646)</u>
NET CHANGE IN FUND BALANCE	2,041	2,041	113,793	111,752
Fund Balance - Beginning of Year	949,707	949,707	949,707	-
FUND BALANCE - END OF YEAR	<u>\$ 951,748</u>	<u>\$ 951,748</u>	<u>\$ 1,063,500</u>	<u>\$ 111,752</u>

The Notes to Required Supplementary Information are an integral part of this schedule.

**VILLAGE OF SOMERSET, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the Village's annual operating budget. The Village does not adopt a budget for the impact fees fund or library donations and fines fund.

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The Village's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds. The Village exercises budgetary expenditure control at the department level.

Budget amounts in the financial statements include both original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the Village's general fund and each major special revenue fund are presented as required supplementary information following the notes to the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for each of these funds are shown in those schedules.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SCHEDULE A-1

VILLAGE OF SOMERSET, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2024

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Federal Asset Forfeiture Fund	CDBG Housing Rehabilitation Fund	Police Reimbursable Fund	Total Special Revenue Funds	Incremental District #6 Fund			
Cash and Investments	\$ 10,524	\$ 403	\$ 31,213	\$ 726	\$ 42,866	\$ -	\$ 42,866	
Installment Loans Receivable	-	-	64,484	-	64,484	-	64,484	
Total Assets	\$ 10,524	\$ 403	\$ 95,697	\$ 726	\$ 107,350	\$ -	\$ 107,350	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Unavailable Revenue:	\$ -	\$ -	\$ 64,484	\$ -	\$ 64,484	\$ -	\$ 64,484	
Uninstallment Loans Receivable	-	403	31,213	-	31,616	-	31,616	
Restricted Committed Assigned	10,524	-	-	-	10,524	-	10,524	
	-	-	-	726	726	-	726	
Total Fund Balances	10,524	403	31,213	726	42,866	-	42,866	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,524	\$ 403	\$ 95,697	\$ 726	\$ 107,350	\$ -	\$ 107,350	

ASSETS

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Fund Balances:

Total Liabilities, Deferred Inflows of Resources and Fund Balances

SCHEDULE A-2

VILLAGE OF SOMERSET, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Concert Fund	Federal Asset Forfeiture Fund	CDBG Housing Rehabilitation Fund	Police Reimbursable Fund	Total Special Revenue Funds	Tax Incremental District #6 Fund		
REVENUES								
Public Charges for Services	\$ 46,391	\$ -	\$ -	\$ -	\$ 46,391	\$ -	\$ -	\$ 46,391
Miscellaneous:								
Interest	-	1	509	-	510	-	-	510
Other	6,257	-	-	-	6,257	-	-	6,257
Total Revenues	52,648	1	509	-	53,158	-	-	53,158
EXPENDITURES								
Public Safety	44,522	-	-	979	45,501	-	-	45,501
NET CHANGE IN FUND BALANCES	8,126	1	509	(979)	7,657	-	-	7,657
Fund Balance (Deficit) - Beginning of Year, As Originally Reported	2,398	402	30,704	1,705	35,209	(28,463)		6,746
Change Within Financial Reporting - Entity, Nonmajor to Major Fund	-	-	-	-	-	28,463		28,463
Fund Balance - Beginning of Year, As Restated	2,398	402	30,704	1,705	35,209	-		35,209
FUND BALANCE - END OF YEAR	\$ 10,524	\$ 403	\$ 31,213	\$ 726	\$ 42,866	\$ -	\$ -	\$ 42,866

**VILLAGE OF SOMERSET, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2023)**

	2024	2023
ASSETS		
Cash and Investments	\$ 1,789,212	\$ 639,716
Taxes Receivable:		
Current Tax Roll	918,092	1,434,850
Delinquent Personal Property Taxes Held by Village	12,031	3,918
Delinquent Assessments and Charges Held in Trust by County	8,368	8,725
Accounts Receivable	50,801	58,452
Developers Accounts Receivable	112,226	86,848
Due from Other Funds	-	532,706
	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,890,730</u>	<u>\$ 2,765,215</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Vouchers and Accounts Payable	\$ 183,116	\$ 153,061
Payroll Accruals	4,357	2,132
Unearned Revenues	-	36,002
Special Deposits	87,639	101,085
Total Liabilities	<u>275,112</u>	<u>292,280</u>
Deferred Inflows of Resources:		
Tax Roll Items:		
Succeeding Year's Property Taxes:		
General Property Taxes	1,534,455	1,510,585
Omitted Taxes	4,831	-
Unavailable Revenue:		
Special Assessments and Charges	12,832	12,643
Total Deferred Inflows of Resources	<u>1,552,118</u>	<u>1,523,228</u>
Fund Balances:		
Nonspendable	7,567	532,706
Restricted	22,000	-
Assigned	184	449
Unassigned	1,033,749	416,552
Total Fund Balances	<u>1,063,500</u>	<u>949,707</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,890,730</u>	<u>\$ 2,765,215</u>

**VILLAGE OF SOMERSET, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	2024				2023 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
TAXES					
General Property Taxes	\$ 1,510,418	\$ 1,510,418	\$ 1,510,418	\$ -	\$ 1,409,495
Managed Forest Land Taxes	180	180	167	(13)	180
Interest on Taxes	150	150	209	59	134
Total Taxes	<u>1,510,748</u>	<u>1,510,748</u>	<u>1,510,794</u>	<u>46</u>	<u>1,409,809</u>
INTERGOVERNMENTAL					
Federal Aid - American Rescue Plan Act (ARPA)	-	-	36,002	36,002	17,955
State Shared Taxes	305,682	305,682	306,394	712	259,006
Personal Property Aid	4,802	4,802	8,937	4,135	8,937
Fire Insurance Taxes	14,645	14,645	18,578	3,933	14,645
Exempt Computer Aid	4,484	4,484	4,484	-	4,484
Video Service Provider Fee	1,290	1,290	1,290	-	1,290
State General Transportation Aid	153,677	153,677	153,701	24	150,719
State Aid - Police Training	600	600	-	(600)	-
State Aid - Other Law Enforcement	-	-	1,680	1,680	960
State Aid - Managed Forest Land	4	4	4	-	4
State Aid - Other	-	-	691	691	-
County - Library Aid	161,412	161,412	165,112	3,700	137,466
Total Intergovernmental	<u>646,596</u>	<u>646,596</u>	<u>696,873</u>	<u>50,277</u>	<u>601,122</u>
LICENSES AND PERMITS					
Licenses:					
Liquor and Malt Beverage	5,305	5,305	5,245	(60)	5,394
Operators	590	590	660	70	640
Cigarette	500	500	550	50	600
Cable Television	4,000	4,000	3,455	(545)	3,820
Tube	8,700	8,700	-	(8,700)	8,447
Other Business	40	40	80	40	80
Dog	800	800	698	(102)	554
Permits:					
Building	75,000	75,000	147,054	72,054	119,697
Zoning	1,700	1,700	2,950	1,250	2,985
Other	250	250	965	715	1,000
Total Licenses and Permits	<u>96,885</u>	<u>96,885</u>	<u>161,657</u>	<u>64,772</u>	<u>143,217</u>
FINES, FORFEITS AND PENALTIES					
Law and Ordinance Violations	34,500	34,500	30,823	(3,677)	37,052
Judgement and Damages Awards	-	-	2,388	2,388	-
Total Fines, Forfeits and Penalties	<u>34,500</u>	<u>34,500</u>	<u>33,211</u>	<u>(1,289)</u>	<u>37,052</u>

**VILLAGE OF SOMERSET, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	2024				2023 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES (CONTINUED)					
PUBLIC CHARGES FOR SERVICES					
General Government:					
Clerk's Fees	\$ 1,930	\$ 1,930	\$ 2,255	\$ 325	\$ 2,399
Public Safety:					
Police Fees	350	350	334	(16)	413
Public Works:					
Transportation Facilities:					
Highway Maintenance and Construction	-	-	250	250	1,217
Sanitation:					
Refuse and Recycling	225,000	225,000	269,218	44,218	256,519
Culture, Recreation and Education:					
Library	2,500	2,500	7,359	4,859	4,701
Parks	700	700	2,690	1,990	2,200
Total Public Charges for Services	<u>230,480</u>	<u>230,480</u>	<u>282,106</u>	<u>51,626</u>	<u>267,449</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES					
Public Safety:					
Law Enforcement	15,028	15,028	24,686	9,658	29,423
MISCELLANEOUS					
Interest:					
General Investments	10,050	10,050	80,746	70,696	40,122
Special Assessments	1,000	1,000	1,185	185	910
Rent	-	-	1,200	1,200	-
Sale of Village Property	-	-	5,922	5,922	-
Donations	-	-	27,913	27,913	913
Other:					
Insurance Recoveries and Dividends	4,000	4,000	3,910	(90)	4,421
Other Miscellaneous	-	-	7,082	7,082	-
Total Miscellaneous	<u>15,050</u>	<u>15,050</u>	<u>127,958</u>	<u>112,908</u>	<u>46,366</u>
Total Revenues	2,549,287	2,549,287	2,837,285	287,998	2,534,438

**VILLAGE OF SOMERSET, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	2024				2023 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
EXPENDITURES					
GENERAL GOVERNMENT					
Village Board	\$ 43,700	\$ 43,700	\$ 45,020	\$ (1,320)	\$ 43,657
Municipal Court	103,043	103,043	111,028	(7,985)	100,509
Legal Fees	37,000	37,000	31,348	5,652	60,416
Municipal Code	2,500	2,500	3,861	(1,361)	413
President	10,765	10,765	10,765	-	10,765
Clerk-Treasurer	153,465	153,465	146,010	7,455	150,413
Elections	8,500	8,500	9,541	(1,041)	3,856
Special Accounting and Auditing	12,000	12,000	13,250	(1,250)	13,900
Assessment of Property	16,350	16,350	17,574	(1,224)	12,780
Village Hall	30,650	30,650	29,974	676	28,740
Illegal and Uncollectible Taxes	-	-	9,452	(9,452)	41
Property and Liability Insurance	13,734	13,734	17,348	(3,614)	11,577
Unemployment Expense	-	-	260	(260)	-
Total General Government	<u>431,707</u>	<u>431,707</u>	<u>445,431</u>	<u>(13,724)</u>	<u>437,067</u>
PUBLIC SAFETY					
Police Department	873,824	873,824	879,759	(5,935)	780,594
Fire Department	77,966	77,966	74,577	3,389	68,088
Hydrant Rental	91,612	91,612	83,978	7,634	91,612
Ambulance Service	63,321	63,321	55,999	7,322	53,444
Building Inspection	60,000	60,000	139,754	(79,754)	112,806
Other	23,600	23,600	27,774	(4,174)	17,997
Total Public Safety	<u>1,190,323</u>	<u>1,190,323</u>	<u>1,261,841</u>	<u>(71,518)</u>	<u>1,124,541</u>
PUBLIC WORKS					
Transportation:					
Machinery and Equipment	43,825	43,825	48,863	(5,038)	42,181
Buildings and Grounds	16,200	16,200	24,629	(8,429)	22,354
Street Maintenance	147,697	147,697	180,751	(33,054)	180,811
Street Cleaning	10,000	10,000	9,917	83	9,649
Snow and Ice Control	69,300	69,300	29,802	39,498	51,116
Street Lighting	38,000	38,000	46,176	(8,176)	42,052
Sidewalks	3,600	3,600	809	2,791	354
Storm Sewers	5,000	5,000	5,527	(527)	2,215
Other	12,000	12,000	18,083	(6,083)	9,563
Outlay:					
Street Lighting	-	-	-	-	13,037
Sanitation:					
Refuse and Garbage Collection	164,400	164,400	208,622	(44,222)	197,746
Recycling	51,300	51,300	58,645	(7,345)	61,490
Weed and Nuisance Control	1,100	1,100	2,376	(1,276)	1,273
Total Public Works	<u>562,422</u>	<u>562,422</u>	<u>634,200</u>	<u>(71,778)</u>	<u>633,841</u>

**VILLAGE OF SOMERSET, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	2024				2023 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
EXPENDITURES (CONTINUED)					
HEALTH AND HUMAN SERVICES					
Animal Control	\$ 1,000	\$ 1,000	\$ 1,278	\$ (278)	\$ 1,041
Senior Center	500	500	500	-	500
Total Health and Human Services	<u>1,500</u>	<u>1,500</u>	<u>1,778</u>	<u>(278)</u>	<u>1,541</u>
CULTURE, RECREATION, AND EDUCATION					
Library	303,362	303,362	302,111	1,251	266,968
Parks	112,261	112,261	131,692	(19,431)	108,025
Recreation Programs and Events	3,500	3,500	2,903	597	4,110
Total Culture, Recreation, and Education	<u>419,123</u>	<u>419,123</u>	<u>436,706</u>	<u>(17,583)</u>	<u>379,103</u>
CONSERVATION AND DEVELOPMENT					
Economic Development	38,903	38,903	26,283	12,620	24,324
Zoning	375	375	710	(335)	258
Community Planning	21,150	21,150	10,154	10,996	44,594
Total Conservation and Development	<u>60,428</u>	<u>60,428</u>	<u>37,147</u>	<u>23,281</u>	<u>69,205</u>
Total Expenditures	<u>2,665,503</u>	<u>2,665,503</u>	<u>2,817,103</u>	<u>(151,600)</u>	<u>2,645,298</u>
EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES	(116,216)	(116,216)	20,182	136,398	(110,860)
OTHER FINANCING SOURCES (USES)					
Transfers In	118,257	118,257	158,953	40,696	116,061
Transfers Out	-	-	(224,000)	(224,000)	(17,955)
Sale of Capital Assets	-	-	158,658	158,658	-
Total Other Financing Sources (Uses)	<u>118,257</u>	<u>118,257</u>	<u>93,611</u>	<u>(24,646)</u>	<u>98,106</u>
NET CHANGE IN FUND BALANCES	2,041	2,041	113,793	111,752	(12,754)
Fund Balances - Beginning of Year	<u>949,707</u>	<u>949,707</u>	<u>949,707</u>	<u>-</u>	<u>962,461</u>
FUND BALANCES - END OF YEAR	<u>\$ 951,748</u>	<u>\$ 951,748</u>	<u>\$ 1,063,500</u>	<u>\$ 111,752</u>	<u>\$ 949,707</u>

VILLAGE OF SOMERSET, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 396,884	\$ 696,949
Customer Accounts Receivable	97,993	83,014
Other Accounts Receivable	-	879
Accounts Receivable on Tax Roll	43,054	40,066
Due from Other Funds	294,259	-
Lease Receivable	16,478	15,825
Inventories	11,452	13,645
Total Current Assets	<u>860,120</u>	<u>850,378</u>
Non-Current Asset:		
Lease Receivable	-	16,477
Capital Assets:		
Utility Plant in Service	11,487,834	10,788,329
Less Accumulated Depreciation	3,061,773	2,809,985
Total Capital Assets	<u>8,426,061</u>	<u>7,978,344</u>
Total Assets	<u>\$ 9,286,181</u>	<u>\$ 8,845,199</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 7,607	\$ 10,530
Accrued Interest Payable	12,373	32,094
Other Current Liabilities	14,250	14,250
Current Portion of Long-Term Debt:		
Revenue Bonds	49,024	48,072
General Obligation Bonds	97,500	111,250
General Obligation Notes	75,502	73,747
Accrued Compensated Absences	4,612	4,154
Total Current Liabilities	<u>260,868</u>	<u>294,097</u>
Long-Term Liabilities (Net of Current Portion):		
Revenue Bonds	797,546	846,569
General Obligation Bonds	1,672,500	1,770,000
General Obligation Notes	162,427	238,104
Unamortized Debt Premium	57,508	65,254
Accrued Compensated Absences	54,763	51,936
Total Long-Term Liabilities	<u>2,744,744</u>	<u>2,971,863</u>
Total Liabilities	3,005,612	3,265,960
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Leases	24,206	36,836
NET POSITION		
Net Investment in Capital Assets	5,835,691	5,146,985
Unrestricted	420,672	395,418
Total Net Position	<u>6,256,363</u>	<u>5,542,403</u>
Total Liabilities and Net Position	<u>\$ 9,286,181</u>	<u>\$ 8,845,199</u>

**VILLAGE OF SOMERSET, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES:		
Sales of Water:		
Residential	\$ 398,115	\$ 493,084
Commercial	89,965	99,251
Industrial	27,970	35,561
Multi-Family	23,982	22,958
Public Authorities	25,124	35,153
Private Fire Protection	13,620	11,760
Public Fire Protection	231,412	228,369
Total Sales of Water	<u>810,188</u>	<u>926,136</u>
Other Operating Revenues:		
Forfeited Discounts	10,785	9,963
Meter Use Charge to Sewer Utility	35,331	30,782
Miscellaneous Operating Revenues	112,893	600
Total Other Operating Revenues	<u>159,009</u>	<u>41,345</u>
Total Operating Revenues	<u>969,197</u>	<u>967,481</u>
OPERATING EXPENSES		
Operation and Maintenance		
Operation	179,681	195,861
Maintenance	26,616	50,007
Administrative and General	229,867	196,630
Total Operation and Maintenance	<u>436,164</u>	<u>442,498</u>
Depreciation	<u>276,656</u>	<u>258,851</u>
Total Operating Expenses	<u>712,820</u>	<u>701,349</u>
OPERATING INCOME	256,377	266,132
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	2,883	3,302
Interest Expense	(104,580)	(60,361)
Debt Issuance Costs	-	(55,752)
Amortization of Debt Premium	7,746	2,461
Lease Revenue	20,946	49,906
Total Nonoperating Revenues (Expenses)	<u>(73,005)</u>	<u>(60,444)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	183,372	205,688
CAPITAL CONTRIBUTIONS AND TRANSFERS:		
Plant Contributed by Customers/Developers/Grants	533,397	-
Plant Contributed by TID #5	109,141	-
Transfer to General Fund - Property Tax Equivalent	(111,950)	(107,388)
Total Capital Contributions and Transfers	<u>530,588</u>	<u>(107,388)</u>
CHANGE IN NET POSITION	713,960	98,300
Net Position - Beginning of Year	<u>5,542,403</u>	<u>5,444,103</u>
NET POSITION - END OF YEAR	<u>\$ 6,256,363</u>	<u>\$ 5,542,403</u>

**VILLAGE OF SOMERSET, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 685,366	\$ 689,231
Cash Received for Public Fire Protection	231,412	228,369
Cash Received for Sewer Share of Meter Related Expenses	35,331	30,782
Cash Payments to Suppliers for Goods and Services	(129,305)	(148,309)
Cash Payments for Employee Services	(304,304)	(286,706)
Net Cash Provided by Operating Activities	<u>518,500</u>	<u>513,367</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Working Capital Received from (Paid to) Sewer Utility	(294,259)	-
Transfers Out - Tax Equivalent	(111,950)	(107,388)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(406,209)</u>	<u>(107,388)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(81,835)	(1,382,534)
Cash Received from Issuance of Debt	-	1,720,000
Lease Payments Received	24,140	52,474
Principal Paid on Long-Term Debt	(233,243)	(160,480)
Interest Paid on Long-Term Debt	(124,301)	(37,445)
Cash Payment for Debt Issuance Costs	-	(55,752)
Cash Received for Debt Premiums	-	64,586
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(415,239)</u>	<u>200,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>2,883</u>	<u>3,302</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(300,065)	610,130
Cash and Cash Equivalents - Beginning of Year	<u>696,949</u>	<u>86,819</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 396,884</u>	<u>\$ 696,949</u>

**VILLAGE OF SOMERSET, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 256,377	\$ 266,132
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	276,656	258,851
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(14,100)	(10,526)
Accounts Receivable on Tax Roll	(2,988)	(8,573)
Inventories	2,193	(1,297)
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,923)	(1,541)
Accrued Compensated Absences	3,285	10,321
	<u>\$ 518,500</u>	<u>\$ 513,367</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Assets Financed Directly by Developers/Customers/Grants	\$ 533,397	\$ -
Capital Assets Financed Directly by Governmental Funds	\$ 109,141	\$ -

**VILLAGE OF SOMERSET, WISCONSIN
 WATER UTILITY ENTERPRISE FUND
 SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
 YEAR ENDED DECEMBER 31, 2024
 (WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	2024	2023
OPERATION		
Salaries and Wages	\$ 147,413	\$ 142,323
Fuel or Power Purchased for Pumping	22,976	30,755
Chemicals	180	3,049
Supplies and Expenses	7,999	18,468
Transportation Expenses	1,113	1,266
Total Operation Expenses	179,681	195,861
MAINTENANCE		
Repairs of Water Plant	26,616	50,007
ADMINISTRATIVE AND GENERAL		
Administrative and General Salaries	58,295	54,305
Office Supplies and Expenses	12,871	12,488
Outside Services Employed	34,450	8,500
Insurance Expenses	10,799	9,782
Employee Pensions and Benefits	101,881	100,399
Regulatory Commission Expenses	125	125
Other General Expenses	11,446	11,031
Total Administrative and General Expenses	229,867	196,630
Total Operation and Maintenance Expenses	\$ 436,164	\$ 442,498

VILLAGE OF SOMERSET, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2023)

	2024	2023
ASSETS		
Current Assets:		
Customer Accounts Receivable	\$ 117,124	\$ 101,958
Accounts Receivable on Tax Roll	60,658	47,845
Due from State	-	168,425
Total Current Assets	177,782	318,228
Restricted Assets:		
Equipment Replacement Fund Cash and Investments	936,698	887,833
Capital Assets:		
Utility Plant in Service	12,873,982	10,115,044
Less Accumulated Depreciation	1,406,902	3,670,126
Net Capital Assets	11,467,080	6,444,918
Construction Work in Progress	56,839	4,594,332
Total Capital Assets	11,523,919	11,039,250
Total Assets	\$ 12,638,399	\$ 12,245,311
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 26,102	\$ 599,959
Accrued Interest Payable	14,365	25,632
Due to Other Funds	294,259	504,243
Current Portion of Long-Term Debt:		
Revenue Bonds	130,352	93,217
General Obligation Bonds	23,750	23,125
General Obligation Notes	15,000	15,000
Accrued Compensated Absences	4,142	3,883
Total Current Liabilities	507,970	1,265,059
Long-Term Liabilities (Net of Current Portion):		
Revenue Bonds	2,669,446	2,042,939
General Obligation Bonds	1,303,750	1,327,500
General Obligation Notes	-	15,000
Unamortized Debt Premium	43,358	48,672
Accrued Compensated Absences	62,869	47,119
Total Long-Term Liabilities	4,079,423	3,481,230
Total Liabilities	4,587,393	4,746,289
NET POSITION		
Net Investment in Capital Assets	7,338,263	6,908,350
Restricted for Equipment Replacement	936,698	887,833
Unrestricted	(223,955)	(297,161)
Total Net Position	8,051,006	7,499,022
Total Liabilities and Net Position	\$ 12,638,399	\$ 12,245,311

VILLAGE OF SOMERSET, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES:		
Sewerage Revenues:		
Residential	\$ 683,280	\$ 648,429
Commercial	108,237	110,235
Industrial	36,263	35,125
Multi-Family	52,229	47,347
Public Authorities	12,099	21,912
Total Sewerage Revenues	<u>892,108</u>	<u>863,048</u>
Other Operating Revenues		
Forfeited Discounts	14,008	12,070
Miscellaneous Operating Revenues	9,272	-
Total Other Operating Revenues	<u>23,280</u>	<u>12,070</u>
Total Operating Revenues	915,388	875,118
OPERATING EXPENSES		
Operation and Maintenance		
Operation	444,653	452,131
Maintenance	11,448	19,339
Administrative and General	248,867	221,147
Total Operation and Maintenance	<u>704,968</u>	<u>692,617</u>
Depreciation	252,383	213,090
Total Operating Expenses	<u>957,351</u>	<u>905,707</u>
OPERATING INCOME (LOSS)	(41,963)	(30,589)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	66,056	57,470
Interest Expense	(112,971)	(47,665)
Debt Issuance Costs	-	(40,953)
Amortization of Debt Premium	5,314	1,549
Total Nonoperating Revenues (Expenses)	<u>(41,601)</u>	<u>(29,599)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(83,564)	(60,188)
CAPITAL CONTRIBUTIONS AND TRANSFERS:		
Plant Contributed by Customers/Developers/Grants	361,816	445,623
Hook-up Fees	54,343	86,715
Plant Contributed by TID #5	219,389	-
Total Capital Contributions and Transfers	<u>635,548</u>	<u>532,338</u>
CHANGE IN NET POSITION	551,984	472,150
Net Position - Beginning of Year	<u>7,499,022</u>	<u>7,026,872</u>
NET POSITION - END OF YEAR	<u>\$ 8,051,006</u>	<u>\$ 7,499,022</u>

**VILLAGE OF SOMERSET, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 887,409	\$ 862,557
Cash Paid for Sewer Share of Meter Related Expenses	(35,331)	(30,782)
Cash Payments to Suppliers for Goods and Services	(364,584)	(363,140)
Cash Payments for Employee Services	(297,454)	(284,217)
Net Cash Provided by Operating Activities	<u>190,040</u>	<u>184,418</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Working Capital Provided by (Repaid to) Governmental Funds	(504,243)	290,146
Working Capital Received from (Paid to) Water Utility	294,259	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(209,984)</u>	<u>290,146</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(721,294)	(4,227,638)
Cash Received from Customer Contributions and Grants	222,768	519,110
Cash Received from Issuance of Debt	787,990	3,273,188
Principal Paid on Long-Term Debt	(162,473)	(38,125)
Interest Paid on Long-Term Debt	(124,238)	(23,517)
Cash Payment for Debt Issuance Costs	-	(40,953)
Cash Received for Debt Premium	-	48,416
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,753</u>	<u>(489,519)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>66,056</u>	<u>57,470</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,865	42,515
Cash and Cash Equivalents - Beginning of Year	<u>887,833</u>	<u>845,318</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 936,698</u>	<u>\$ 887,833</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (41,963)	\$ (30,589)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	252,383	213,090
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(15,166)	(6,952)
Accounts Receivable on Tax Roll	(12,813)	(5,609)
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,410)	5,011
Accrued Compensated Absences	16,009	9,467
Net Cash Provided by Operating Activities	<u>\$ 190,040</u>	<u>\$ 184,418</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Financed Directly by Developers/Customers/Grants	\$ 361,816	\$ -
Capital Assets Financed Directly by Governmental Funds	\$ 219,389	\$ -
Capital Assets Financed by Accounts Payable	\$ -	\$ 565,447

**VILLAGE OF SOMERSET, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
OPERATION		
Supervision and Labor	\$ 145,195	\$ 145,942
Power and Fuel for Pumping	47,692	47,179
Chemicals	30,112	31,374
Supplies and Expenses	54,774	53,929
Biosolids Facility Expenses	164,243	170,296
Transportation Expenses	2,637	3,411
Total Operation Expenses	<u>444,653</u>	<u>452,131</u>
MAINTENANCE		
Repairs of Sewer Plant	11,448	19,339
ADMINISTRATIVE AND GENERAL		
Administrative and General Salaries	58,295	54,305
Office Supplies and Expenses	10,230	9,645
Outside Services Employed	7,000	8,850
Insurance Expenses	23,893	16,254
Employee Pensions and Benefits	109,973	93,437
Meter Use Charge from Water Utility	35,331	30,782
Other General Expenses	4,145	7,874
Total Administrative and General Expenses	<u>248,867</u>	<u>221,147</u>
 Total Operation and Maintenance Expense	 <u>\$ 704,968</u>	 <u>\$ 692,617</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

FORM OF LEGAL OPINION

(See following pages)

FRYBERGER

— LAW FIRM —

March 10, 2026

Village of Somerset
110 Spring Street
Somerset, WI 54025

[PURCHASER]

Re: Village of Somerset, Wisconsin
\$_____ General Obligation Promissory Notes, Series 2026A

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by the Village of Somerset, St. Croix County, Wisconsin (the “Issuer”), of the above-referenced bonds dated the date hereof (the “Notes”). The Notes are issued pursuant to Wisconsin Statutes, Chapter 67.

A. Scope of Examination. For the purpose of rendering this opinion letter, we have examined the following:

1. a resolution of the Issuer adopted on February 17, 2026, authorizing the issuance and delivery of the Notes (the “Resolution”);
2. the Tax Exemption Certificate of the Issuer dated the date hereof setting forth and certifying as to certain matters, including but not limited to the use and investment of the proceeds of the Notes (the “Tax Certificate”);
3. applicable law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer and others with respect to the authorization, sale and issuance of the Notes; and
4. such other documents and other materials we considered necessary in order to render this opinion.

B. Reliance. As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officers of the Issuer and others without undertaking to verify such facts by independent investigation. We have also relied, without independent investigation, upon representations and certifications made by the Issuer in the Tax Certificate and the representations and certifications made by the Issuer, agents of the Issuer and others in connection with the

FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

CLOQUET
813 Cloquet Ave.
Cloquet, MN 55720
p: (218) 879-6830

DULUTH
302 West Superior St.
Ste 700
Duluth, MN 55802
p: (218) 722-0861

SUPERIOR
1409 Hammond Ave., Suite 330
Superior, WI 54880
p: (715)392-7405

fryberger.com

B-2

FRYBERGER LAW FIRM

Page 2

issuance of the Notes as to: (a) the nature, cost, use and useful economic life of the facilities and/or improvements financed by the Notes, (b) the application to be made of the proceeds of the Notes, (c) the investment of such proceeds and (d) other matters material to the tax-exempt status of the interest borne by the Notes, including the anticipated sources of repayment of the Notes.

C. Assumptions.

1. In rendering the opinions contained in Section D below, we have assumed: (a) the legal capacity for all purposes relevant hereto of all natural persons, (b) with respect to all parties to agreements or instruments relevant hereto other than the Issuer, that such parties had the requisite power and authority (corporate or otherwise) to execute, deliver and perform such agreements or instruments, (c) that such agreements or instruments are the valid, binding and enforceable obligations of each such party, other than the Issuer, (d) the authenticity of all documents submitted to us as originals and the authenticity of the originals, (e) the conformity to original documents of all documents submitted to us as certified or photostatic copies, (f) the genuineness of the signatures on all documents submitted to us, and (g) the accuracy of the facts and representations stated in all documents submitted to us.

2. In rendering the opinions contained in paragraphs 3 and 4 of Section D below, we have assumed that the proceeds of the Notes will be applied in accordance with the provisions of the Resolution and the representations made by the Issuer in the Tax Certificate and that the Issuer will make or cause to be made any necessary calculations and pay to the United States any amounts required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

3. For the purpose of rendering the opinion set forth in paragraph 3 of Section D, below, we have also assumed compliance by the Issuer with requirements of the Code that must be satisfied subsequent to the issuance of the Notes. The Issuer has covenanted to comply with each such requirement.

D. Opinions. Based upon such examination, assumptions and reliance, on the basis of federal and State of Wisconsin (the "State") laws, regulations, rulings and decisions in effect on the date hereof, but excluding any pending legislation which may have a retroactive date prior to the date hereof, and subject to certain limitations set forth in Section E below, it is our opinion that:

1. The Notes are valid and binding general obligations of the Issuer enforceable in accordance with their terms.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Notes. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent the necessary funds have been

irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The Notes, as of their date of issuance, bear interest which is excluded from gross income of the recipient for federal income tax purposes and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations.

4. Based solely on factual representations by the Issuer, the Notes have been designated by the Issuer as “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3)(b) of the Code.

E. Qualifications and Limitations. The opinions expressed in Section D above are subject to the following:

1. We express no opinion as to federal or state tax consequences arising from ownership of the Notes other than as set forth in Section D hereof.

2. The rights of the owners and enforceability of the Notes are subject to and may be limited by (a) state and federal laws, rulings, decisions and principles of equity affecting remedies, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law); (b) the effect of any applicable bankruptcy, moratorium, insolvency, reorganization, fraudulent conveyance or other similar laws affecting the enforcement of creditors’ or secured creditors’ rights or laws relating to creditors’ or secured creditors’ rights against public instrumentalities heretofore or hereafter enacted to the extent constitutionally applicable; (c) the exercise of judicial discretion in appropriate cases; and (d) federal and state securities laws and public policy relating thereto.

3. Failure by the Issuer to comply with applicable requirements of the Code could cause the interest on the Notes to be includable in the gross income of the owners thereof for federal income taxation, either prospectively or retroactively to the date hereof.

4. Our opinions expressed in Section D above are limited to the law of the State and the federal law of the United States of America, and we assume no responsibility as to the applicability to this transaction, or the effect thereon, of the law of any other jurisdiction.

5. Except as expressly stated in this opinion, we express no opinion as to compliance with any federal securities laws or any state securities or Blue Sky laws.

FRYBERGER LAW FIRM

Page 4

6. This opinion is rendered as of the date set forth above and we express no opinion as to circumstances or events which may occur subsequent to such date.

7. The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any other person without our prior written consent.

8. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Notes, and we express no opinion relating thereto.

Respectfully submitted,

Fryberger, Buchanan, Smith & Frederick, P.A.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Village of Somerset, St. Croix County, Wisconsin (the “Issuer”) in connection with the issuance of its \$_____ General Obligation Promissory Notes, Series 2026A, dated March 10, 2026 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated February 17, 2026 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the Issuer’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated _____, 2026, delivered in connection with the original issuance and sale of the Obligations, together with the final Official Statement and any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2025, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to

the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Current Property Valuations
- (b) Direct Debt
- (c) Debt Limit
- (d) Tax Levies & Collections

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
 - (2) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (3) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (4) substitution of credit or liquidity providers, if any, or their failure to perform;
 - (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
 - (6) tender offers;
 - (7) defeasances;
 - (8) rating changes;
 - (9) bankruptcy, insolvency, receivership or similar event of the Issuer;
- or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of March 10, 2026.

VILLAGE OF SOMERSET, WISCONSIN

By _____
Donnie Kern, President

By _____
Jessica Lehman, Village Clerk

NOTICE OF SALE

**\$2,215,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A
VILLAGE OF SOMERSET, WISCONSIN**

Bids for the purchase of \$2,215,000* General Obligation Promissory Notes, Series 2026A (the "Notes") of the Village of Somerset, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on February 17, 2026, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Trustees for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are authorized pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purposes, including Tax Incremental District No. 5 projects and to current refund certain outstanding general obligations of the Village. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated March 10, 2026, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on as follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
09/01/2030	\$100,000	09/01/2036	\$120,000	09/01/2042	\$155,000
09/01/2031	100,000	09/01/2037	130,000	09/01/2043	160,000
09/01/2032	110,000	09/01/2038	130,000	09/01/2044	165,000
09/01/2033	110,000	09/01/2039	140,000	09/01/2045	175,000
09/01/2034	115,000	09/01/2040	140,000	03/01/2046	95,000
09/01/2035	120,000	09/01/2041	150,000		

ADJUSTMENT OPTION

The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2027, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

PAYING AGENT

The Village has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after September 1, 2035 shall be subject to optional redemption prior to maturity on September 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about March 10, 2026, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Notes must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

Legal matters incident to the issuance and sale of the Notes and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the Village. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the Village for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF BIDS

Bids must not be for less than \$2,187,312.50 plus accrued interest on the principal sum of \$2,215,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the Village nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$44,300 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The Village and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the Village scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The Village's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The Village reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the Village requested and received a rating on the Notes from a rating agency, the Village will pay that rating fee. Any rating agency fees not requested by the Village are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The Village will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the Village in establishing the issue price of the Notes and shall execute and deliver to the Village at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Village by the Village's municipal advisor identified herein and any notice or report to be provided to the Village may be provided to the Village's municipal advisor.

(b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The Village shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Village may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Village anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the Village shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the Village agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Village promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Village acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The Village further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the Village to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the Board of Trustees

Village of Somerset, Wisconsin

BID FORM

The Board of Trustees
Village of Somerset, Wisconsin (the "Village")

February 17, 2026

RE: \$2,215,000* General Obligation Promissory Notes, Series 2026A (the "Notes")
DATED: March 10, 2026

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$2,187,312.50) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing as follows:

_____ % due 09/01/2030	_____ % due 09/01/2036	_____ % due 09/01/2042
_____ % due 09/01/2031	_____ % due 09/01/2037	_____ % due 09/01/2043
_____ % due 09/01/2032	_____ % due 09/01/2038	_____ % due 09/01/2044
_____ % due 09/01/2033	_____ % due 09/01/2039	_____ % due 09/01/2045
_____ % due 09/01/2034	_____ % due 09/01/2040	_____ % due 03/01/2046
_____ % due 09/01/2035	_____ % due 09/01/2041	

The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$44,300 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about March 10, 2026.

This bid is subject to the Village's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the Village with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 10, 2026 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Board of Trustees of the Village of Somerset, Wisconsin, on February 17, 2026.

By: _____ By: _____
Title: _____ Title: _____