

**VILLAGE OF VERNON, WISCONSIN**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2024**

**VILLAGE OF VERNON, WISCONSIN**  
**FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT**  
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**YEAR ENDED DECEMBER 31, 2024**

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**VILLAGE OF VERNON, WISCONSIN**  
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**Supplementary Information**

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## **Engelson & Associates, Ltd.**

Certified Public Accountants and Consultants

### **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees and  
Village President  
Village of Vernon, Wisconsin

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

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Vernon, Wisconsin, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Vernon, Wisconsin 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 Opinions**

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

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

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

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

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the Wisconsin Retirement System schedules on pages 39-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village of Vernon has elected to omit management's discussion and analysis, which is supplementary information that is not a required part of the basic financial statements.

## **Supplementary Information**

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

*Engelson and Associates, Ltd.*

La Crosse, Wisconsin  
July 17, 2025

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF VERNON**  
**STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2024**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 1,284,987
Receivables	
Taxes	1,508,631
Accounts and other (net)	123,229
Inventory	150,011
Prepaid expenses	80,601
Restricted cash and investments	1,536,323
Capital assets, net	6,237,822
Lease receivable	880,529
<b>Total Assets</b>	11,802,133
<b>Deferred Outflows of Resources</b>	
Pension plan and other post-employment benefits	388,113
<b>Liabilities</b>	
Accounts payable	170,450
Accrued liabilities	95,379
Refundable bonds and deposits	44,729
Accrued interest payable	10,925
Unearned revenue	1,199,443
Current portion of long term debt	238,822
Current portion of deferred lease inflow	71,588
Noncurrent liabilities	
Noncurrent portion of long term obligations	2,111,746
Deferred lease inflow	808,941
OPEB liability	16,783
Net pension liability	43,170
<b>Total Liabilities</b>	4,811,976
<b>Deferred Inflows of Resources</b>	
Pension plan and other post-employment benefits	274,911
Stormwater fees	91,990
Property taxes	1,977,107
<b>Total Deferred Inflows of Resources</b>	2,344,008
<b>Net Position</b>	
Net investment in	
capital assets	3,912,822
Restricted for:	
Pension benefit	107,812
Park project improvements	22,980
Unrestricted	990,648
<b>Total Net Position</b>	\$ 5,034,262

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON**  
**STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government</b>					
Governmental Activities					
General government	\$ 678,832	\$ 329,510	\$ 184,715	\$ 79,359	\$ (269,963)
Public safety	1,668,687	156,417	212,741	18,482	(1,309,073)
Public works	1,180,904	97,554	-	-	(870,609)
Leisure activities	93,137	24,016	-	-	(69,121)
Health and sanitation services	514,772	506,696	-	-	(8,076)
Interest on long-term debt	36,934	-	-	-	(36,934)
Total governmental activities	<u>4,173,266</u>	<u>1,114,193</u>	<u>397,456</u>	<u>97,841</u>	<u>(2,563,776)</u>
<b>Total primary government</b>	<b>\$ 4,173,266</b>	<b>\$ 1,114,193</b>	<b>\$ 397,456</b>	<b>\$ 97,841</b>	<b>(2,563,776)</b>
General revenues				1,980,114	
Taxes					
Intergovernmental revenues not restricted to specific programs				315,921	
Gain on sale of assets				69,441	
Interest earnings				171,629	
Cell tower rental				63,163	
Insurance reimbursement				12,074	
Miscellaneous income				6,544	
Total general revenues and transfers					<u>2,618,886</u>
<b>Change in Net Position</b>					<b>55,110</b>
Net Position, Beginning of Year					<u>4,979,152</u>
<b>Net Position, End of Year</b>					<b>\$ 5,034,262</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	<b>General</b>	<b>ARPA Fund</b>	<b>Debt Service Fund</b>	<b>Project Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and investments	\$ 882,836	\$ -	\$ 113,319	\$ -	\$ 288,832	\$ 1,284,987
Receivables						
Taxes	1,297,074	-	158,057	-	53,500	1,508,631
Accounts	123,229	-	-	-	-	123,229
Due from other funds	607,523	758,774	-	-	1,096	1,367,393
Inventory	150,011	-	-	-	-	150,011
Prepaid expenses	80,601	-	-	-	-	80,601
Restricted cash	-	-	-	1,536,323	-	1,536,323
<b>Total Assets</b>	<b>\$ 3,141,274</b>	<b>\$ 758,774</b>	<b>\$ 271,376</b>	<b>\$ 1,536,323</b>	<b>\$ 343,428</b>	<b>\$ 6,051,175</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>						
Liabilities						
Accounts payable	\$ 170,450	\$ -	\$ -	\$ -	\$ -	\$ 170,450
Accrued payroll	74,589	-	-	-	-	74,589
Accrued liabilities	20,790	-	-	-	-	20,790
Refundable bonds and deposits	44,729	-	-	-	-	44,729
Unearned revenue	524,891	674,552	-	-	-	1,199,443
Due to other funds	759,870	-	-	607,523	-	1,367,393
<b>Total Liabilities</b>	<b>1,595,319</b>	<b>674,552</b>	<b>-</b>	<b>607,523</b>	<b>-</b>	<b>2,877,394</b>
Deferred Inflows of Resources						
Property taxes	1,705,339	-	271,768	-	-	1,977,107
Stormwater fees	-	-	-	-	91,990	91,990
<b>Total Deferred Inflows of Resources</b>	<b>1,705,339</b>	<b>-</b>	<b>271,768</b>	<b>-</b>	<b>91,990</b>	<b>2,069,097</b>
Fund Balance						
Non-Spendable						
Inventory	150,011	-	-	-	-	150,011
Prepaid expenses	80,601	-	-	-	-	80,601
Restricted	-	-	-	928,800	22,980	951,780
Committed	-	-	-	-	228,458	228,458
Assigned	-	84,222	-	-	-	84,222
Unassigned	(389,996)	-	(392)	-	-	(390,388)
<b>Total Fund Balances</b>	<b>(159,384)</b>	<b>84,222</b>	<b>(392)</b>	<b>928,800</b>	<b>251,438</b>	<b>1,104,684</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 3,141,274</b>	<b>\$ 758,774</b>	<b>\$ 271,376</b>	<b>\$ 1,536,323</b>	<b>\$ 343,428</b>	<b>\$ 6,051,175</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

Total governmental fund balances	\$ 1,104,684
Amounts reported for governmental activities in the statement of net position are different because:	
The proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:	
Net pension liability	(43,170)
Deferred outflows of resources	388,113
Deferred inflows of resources	(274,911)
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds balance sheet.	6,237,822
Lease receivable is not a current financial resource and therefore not reported in governmental funds balance sheet	880,529
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet:	
Accrued interest	(10,925)
OPEB liability	(16,783)
Unamortized debt premium	(25,568)
Deferred lease inflow	(880,529)
Notes payable	<u>(2,325,000)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 5,034,262</u></b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>General Fund</b>	<b>ARPA Fund</b>	<b>Debt Service Fund</b>	<b>Project Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 1,708,346	\$ -	\$ 271,768	\$ -	\$ -	\$ 1,980,114
Intergovernmental	832,054	-	-	-	-	832,054
Regulation and compliance	237,574	-	-	-	-	237,574
Fines, forfeitures, and penalties	6,100	-	-	-	-	6,100
Public charges for services	772,188	-	-	-	97,554	869,742
Investment income	85,923	35,994	-	49,539	173	171,629
Miscellaneous revenue	160,329	-	-	-	-	160,329
<b>Total Revenues</b>	<b>3,802,514</b>	<b>35,994</b>	<b>271,768</b>	<b>49,539</b>	<b>97,727</b>	<b>4,257,542</b>
<b>Expenditures</b>						
Current						
General government	680,781	-	-	-	-	680,781
Public safety	1,518,434	-	-	-	-	1,518,434
Public works	710,778	-	-	-	30,731	741,509
Leisure activities	82,120	-	-	-	-	82,120
Health and sanitation services	514,772	-	-	-	-	514,772
Capital outlay						
Public safety	26,715	-	-	-	-	26,715
Public works	114,412	-	-	-	-	114,412
Debt Service						
Principal retirement	-	-	235,000	-	-	235,000
Interest and fiscal charges	-	-	37,717	-	-	37,717
<b>Total Expenditures</b>	<b>3,648,012</b>	<b>-</b>	<b>272,717</b>	<b>-</b>	<b>30,731</b>	<b>3,951,460</b>
<b>Excess of Expenditures Over Revenues</b>	<b>154,502</b>	<b>35,994</b>	<b>(949)</b>	<b>49,539</b>	<b>66,996</b>	<b>306,082</b>
<b>Excess of Revenues and Other Sources</b>						
<b>Over (Under) Expenditures and Other Uses</b>	<b>154,502</b>	<b>35,994</b>	<b>(949)</b>	<b>49,539</b>	<b>66,996</b>	<b>306,082</b>
Fund Balances, January 1	(313,886)	48,228	557	879,261	184,442	798,602
<b>Fund Balances, December 31</b>	<b>\$ (159,384)</b>	<b>\$ 84,222</b>	<b>\$ (392)</b>	<b>\$ 928,800</b>	<b>\$ 251,438</b>	<b>\$ 1,104,684</b>

The accompanying notes are an integral part of these financial statements.

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

Net change in fund balances - Total governmental funds \$ 306,082

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

Other assets not available to pay for current period expenditures and therefore are deferred in the funds:

Accounts receivable	(20,059)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives.

Capital outlay	141,127
Depreciation expense	(613,383)

In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported.

Loss from the disposition of capital assets as reported on the governmental funds operating statement	(13,198)
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Payments of loan principal are reported as expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position. 235,000

In the statement of activities, pension expense is accrued based on the reported amount of net pension liability (asset), whereas in the governmental fund statements, pension expenditure is reported when due. 14,667

Premiums associated with the issuance of long term debt are reported as other financing sources in the governmental funds. In the statement of activities, these are amortized over the life of the debt issue. 4,091

Some expenditures do not require the use of current financial resources and therefore are not reported in the governmental funds statement of revenue and expense:

Accrued interest	783
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**Change in Net Position of Governmental Activities** \$ 55,110

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
DECEMBER 31, 2024**

	<b>Tax Custodial Collection Fund</b>
<b>Assets</b>	
Cash and investments	\$ 4,604,238
Taxes receivable	<u>6,399,833</u>
Total Assets	<u>\$ 11,004,071</u>
<b>Liabilities</b>	
Due to school districts	\$ 8,768,188
Due to Waukesha County	<u>2,235,883</u>
Total Liabilities	<u>\$ 11,004,071</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 11,004,071</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF VERNON**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Tax Custodial Collection Fund</b>
<b>Additions</b>	
Tax collection for other governments	<u>\$ 10,716,293</u>
<b>Total Additions</b>	<u>10,716,293</u>
 <b>Deductions</b>	
Payments of tax to other governments	<u>10,716,293</u>
<b>Total Deductions</b>	<u>10,716,293</u>
 <b>Net increase (decrease) in fiduciary net position</b>	<u>-</u>
 Net position - beginning	<u>-</u>
Net position - ending	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Vernon, Wisconsin conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences* in the year ending December 31, 2024. The implantation of the new standards did not have a material effect on the Village's financial statements. The following is a summary of the more significant policies used in the preparation of these financial statements:

**A. Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village does not have any component units at December 31, 2024.

**B. Basis of Presentation**

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the village as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Interfund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity between or within funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function is self-financing or relies upon general revenues of the Village.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental funds.

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

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**B. Basis of Presentation, continued**

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the Village's expendable financial resources and the related current liabilities are accounted for through governmental funds.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities, revenue or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

The Village has the following major governmental funds:

**General Fund** - The general fund is the required operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**ARPA Fund** - This is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures allowable under the American Rescue Plan Act of 2021.

**Debt Service Fund** - The debt service fund accounts for resources accumulated and payments made for principal and interest on long term debt.

**Project Improvement Fund** - This capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the construction of road improvements and acquisition of capital equipment.

The Village has the following non-major governmental funds:

**Special Revenue Funds** - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes and include:

Impact Fund  
Stormwater Fund

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

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**B. Basis of Presentation, continued**

**Fiduciary Funds - Trust and Custodial funds** are used to account for assets held by the Village in a trustee capacity or as an agent for other individuals, private organizations, other governments, and/or other funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Transactions pertaining to the Village's tax roll are accounted for in a Custodial fund.

**C. Basis of Accounting**

**Governmental Funds** – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

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

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

**VILLAGE OF VERNON, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**C. Basis of Accounting, continued**

**Fiduciary Funds** – Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

**D. Receivables**

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

**Property tax calendar – 2024 tax roll**

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full	January 31, 2025
Second installment due	July 31, 2025
Tax sale – 2024 delinquent real estate taxes	October 2027

Accounts receivable have been shown net of an allowance for credit losses. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Village because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore, are not available for appropriation.

**E. Pensions**

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following: Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Pension Expense (Revenue). Information about the fiduciary net position of the WRS and additions to/deductions from WRS’ fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**VILLAGE OF VERNON, WISCONSIN**  
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**F. Other Post-Employment Benefits (OPEB)**

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB Expense (Revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**G. Investments and Restricted Cash**

Investments are stated at cost or amortized cost, which approximates fair value. The debt service, project improvement and park impact funds have restricted cash for projects specific to their funds.

**H. Inventory and Prepaid Items**

Inventory is valued at cost on a first-in, first-out basis. Inventory in the general fund consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed. Reported inventories are offset as non-spendable fund balance, which indicates that they do not constitute available spendable resources even though they are a component of net position.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**I. Capital Assets**

Capital assets, which include buildings and improvements, land improvements, machinery and equipment, and infrastructure are reported in the applicable governmental columns in the government-wide financial statements.

GASBS No. 34 requires the Village to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets are grouped with capital assets. As allowed under the reporting standards, the Village elected to report its infrastructure prospectively from the date of implementation.

The Village defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Interest on constructed capital assets is capitalized. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is calculated using the straight-line method over the useful lives of the assets. The estimated lives are as follows:

Buildings and Improvements	10-50 years
Infrastructure	15-40 years
Machinery and Equipment	5-35 years
Land Improvements	20-30 years

**VILLAGE OF VERNON, WISCONSIN**  
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**J. Compensated Absences**

The Village's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

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

**K. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has three types of items that qualify for reporting in this category, property taxes, unearned revenue, and WRS pension system. These amounts will be recognized as inflow of resources in the subsequent year for which they are levied and earned.

**M. Direct Borrowings**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable.

Direct borrowings for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures.

**VILLAGE OF VERNON, WISCONSIN**  
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**N. Financial Instruments**

The carrying values of cash, receivables, payables, and accrued liabilities approximate fair value due to the short maturities of these instruments. The carrying value of long-term debt approximates fair value because the rates approximate the Village's incremental borrowing rates.

**O. Equity Classifications**

*Government-wide Financial Statements*

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

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included here are deferred outflows of resources and deferred inflows of resources which are attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints are placed on the use of restricted assets by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted component of net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

*Fund Financial Statements*

Government fund equity is classified as fund balance. The Village has elected to implement GASB Statement 54 employing new terminology and classifications for fund balance items according to the following classification:

- Non-spendable fund balance – These amounts include current assets that are not expected to be converted to cash (prepays and inventory) and long term assets.
- Restricted fund balance – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village Board, the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Village Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**VILLAGE OF VERNON, WISCONSIN  
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**O. Equity Classifications, continued**

- Assigned fund balance – Amounts that are constrained by the Village’s intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom that authority has been given. With the exception of the General fund this is a residual fund balance classification for all governmental funds with positive balances.
- Unassigned fund balance – This is the residual classification of the General fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Village has a formal minimum fund balance policy. That policy is to maintain a fund balance of 25-35% of the annual general fund budgeted expenditures. The Village has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. In these circumstances GASB Statement No. 54 indicates that restricted funds are to be spent first, followed by committed funds and then assigned funds. Unassigned funds would be spent last.

**P. Accounting Estimates**

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

**NOTE 2 - CASH AND INVESTMENTS**

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
2. Bonds or securities of any county, city, drainage district, VTAE district, village, town or school district of the State of Wisconsin. 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.
3. Bonds or securities issued or guaranteed by the federal government.
4. The state local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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

**VILLAGE OF VERNON, WISCONSIN**  
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**NOTE 2 - CASH AND INVESTMENTS, continued**

***A. Deposits and Investments***

The Village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 7,425,348	\$ 7,478,468	Custodial credit risk
Cash on hand	200	200	N/A
<b>Total Deposits and Investments</b>	<b><u>\$ 7,425,548</u></b>	<b><u>\$ 7,478,668</u></b>	

Reconciliation to financial statements

Per statement of net position

Unrestricted cash and investments	\$ 1,284,987
Restricted cash and investments	1,536,323

Per statement of fiduciary net position -

Fiduciary funds	
Custodial Funds	<u>4,604,238</u>
<b>Total Deposits and Investments</b>	<b><u>\$ 7,425,548</u></b>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for interest-bearing demand deposit accounts. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

***B. Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village has adopted a policy limiting investments to those allowable under Wisconsin Statutes 66.0603 at depository insurance limits. At year-end, the carrying amount of the Village's deposits was \$7,425,548 and the bank balance was \$7,478.468. Of the bank balance, \$296,158 was covered by federal depository insurance, \$400,000 was secured by the State of Wisconsin Public Deposit Guarantee fund, and \$6,782,310 was secured by pledged collateral. Uncollateralized funds as of December 31, 2024 were \$0.

***C. Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Village has adopted an investment policy that addresses interest rate risk.

**VILLAGE OF VERNON, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 - CASH AND INVESTMENTS, continued**

***D. Concentration of Credit Risk***

The Village has a policy that addresses concentration of credit risk to ensure the preservation of capital individual investments and the overall portfolio.

**NOTE 3 – RESTRICTED ASSETS**

A summary of restricted assets is as follows:

	<u>Restricted Assets</u>	<u>Restricted Net Position</u>
<b>Governmental activities</b>		
Park/Recreation	\$ 22,980	\$ 22,980
Pension Benefit	<u>107,812</u>	<u>107,812</u>
<b>Total</b>	<b><u>\$ 130,792</u></b>	<b><u>\$ 130,792</u></b>

**NOTE 4 - RECEIVABLES**

The Village has not recorded an allowance for uncollectible amounts because it is not believed to be material.

Governmental fund financial statements report deferred inflow of resources in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of the Village's receivables included deferred inflows of resources reported in the governmental fund financial statements as follows:

Property taxes receivable	
General fund	\$ 1,297,074
Stormwater fund	53,500
Debt service fund	<u>158,057</u>
<b>Total</b>	<b><u>\$ 1,508,631</u></b>

Other receivables of \$123,229 are reported in the government-wide financial statements.

**VILLAGE OF VERNON, WISCONSIN**  
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**NOTE 5 – PAYABLES**

Payables as of December 31, 2024 for the Village's individual major and non-major funds in the aggregate, are as follows:

Accounts payable	\$ 170,450
Accrued payroll	74,589
Refundable bonds and deposits	44,728
Other accrued liabilities	<u>20,791</u>
Total per fund balance sheet	310,558
Accrued interest	<u>10,925</u>
Total per government-wide statement of net position	<u><u>\$ 321,483</u></u>

**NOTE 6 - AMOUNTS DUE TO OTHER GOVERNMENTS**

Amounts due to other governmental units at December 31, 2024 were as follows:

	<u>General</u>	<u>Tax Custodial Fund</u>
Due to other governments		
Waukesha County	\$ -	\$ 2,235,883
Waterford Union School District	-	1,516
Washington Caldwell School District	-	2,167
Norris School District	-	5,000
Mukwonago School District	-	8,388,447
VTAE	<u>-</u>	<u>371,058</u>
Totals	<u><u>\$ -</u></u>	<u><u>\$ 11,004,071</u></u>

**NOTE 7 – INTER-FUND RECEIVABLES AND PAYABLES**

Individual inter-fund receivables and payables at December 31, 2024 were as follows:

	<u>Receivable</u>	<u>Payable</u>	<u>Net</u>
General Fund	\$ 607,523	\$ 759,870	\$ (152,347)
ARPA Fund	758,774	-	758,774
Impact Fund	1,096	-	1,096
Project Improvement Fund	<u>-</u>	<u>607,523</u>	<u>(607,523)</u>
Totals	<u><u>\$ 1,367,393</u></u>	<u><u>\$ 1,367,393</u></u>	<u><u>\$ -</u></u>

The principal purpose of these inter-funds are for transferring of funds related to revenue received.

**VILLAGE OF VERNON, WISCONSIN**  
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**NOTE 8 - CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	<b>Balance</b>			<b>Balance</b>
	<b>01/01/24</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/24</b>
Land	\$ 534,721	\$ -	\$ -	\$ 534,721
Building and improvements	1,329,846	-	-	1,329,846
Land improvements	176,323	-	-	176,323
Machinery and equipment	5,315,665	41,929	315,676	5,041,918
Infrastructure streets	7,042,046	-	-	7,042,046
Infrastructure stormwater	367,573	-	-	367,573
Infrastructure curb and gutter	78,030	-	-	78,030
Construction in progress	-	99,198	-	99,198
<b>Total at historical cost</b>	<b>14,844,204</b>	<b>141,127</b>	<b>315,676</b>	<b>14,669,655</b>
Less accumulated depreciation				
Buildings and improvements	895,995	28,114	-	924,109
Land improvements	70,737	7,059	-	77,796
Machinery and equipment	3,001,502	252,330	302,478	2,951,354
Infrastructure streets	3,766,967	304,384	-	4,071,351
Infrastructure stormwater	311,599	17,594	-	329,193
Infrastructure curb and gutter	74,128	3,902	-	78,030
<b>Total accumulated depreciation</b>	<b>8,120,928</b>	<b>613,383</b>	<b>302,478</b>	<b>8,431,833</b>
<b>Total Capital Assets, Net</b>	<b>\$ 6,723,276</b>	<b>\$ (472,256)</b>	<b>\$ 13,198</b>	<b>\$ 6,237,822</b>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>		
General government		\$ 12,718
Public safety		150,253
Public works		439,395
Park and recreation		11,017
<b>Total Governmental Activities Depreciation Expense</b>		<b>\$ 613,383</b>

**VILLAGE OF VERNON, WISCONSIN**  
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**NOTE 9 – LONG TERM OBLIGATIONS**

The Village may issue long term debt in accordance with Wisconsin Statute Section 67.03(1). Debt issued in accordance with this section of the law is designated as being “inside the debt limit”. In addition, debt may be authorized exceeding that debt limit for specific purposes when approved by the citizenry. Such debt is designated as being “outside the debt limit”. All the Village’s direct borrowing debt is classified as inside the debt limit. In addition, the Village did not have any authorized, unissued debt.

All general obligation notes payable are backed by the full faith and credit of the Village. Notes in the governmental funds will be retired by future property tax levies.

The statutes of the State of Wisconsin restrict the Village’s general obligation indebtedness to 5% of the equalized value of \$1,443,007,300 of all property in the Village. At December 31, 2024, the Village’s debt limit was \$72,150,365 and indebtedness subject to the limit was \$2,325,000.

Changes in long term debt for the year ended December 31, 2024 are as follows:

	<u>Balance 01/01/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/24</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Indirect borrowings:					
General obligation notes	\$ 1,290,000	-	\$ 235,000	\$ 1,055,000	\$ 235,000
General obligation bonds	1,270,000	-	-	1,270,000	-
Total general obligation debt	2,560,000	-	235,000	2,325,000	235,000
Unamortized premium	29,659	-	4,091	25,568	3,822
Compensated absences	5,974	-	16	5,958	5,958
Net OPEB liability	37,877	-	21,094	16,783	-
Total long term obligations	<u>\$ 2,633,510</u>	<u>\$ -</u>	<u>\$ 260,201</u>	<u>\$ 2,373,309</u>	<u>\$ 244,780</u>

The following is a list of indirect borrowings at December 31, 2024:

<b>Government Activities</b>	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/24
<b>Indirect Borrowing</b>					
Bankers' Bank					
General Obligation Promissory Note	05/03/21	03/01/29	1.00-1.20%	\$ 1,765,000	\$ 1,055,000
General Obligation Street Improvement Bonds	05/03/21	03/01/36	1.75-2.00%	1,270,000	1,270,000
Total Indirect Borrowing					<u>\$ 2,325,000</u>

**VILLAGE OF VERNON, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – LONG TERM DEBT, continued**

Debt service requirements on long term debt at December 31, 2024 are as follows:

Years	Principal	Interest	Total
2025	\$ 235,000	\$ 34,418	\$ 269,418
2026	240,000	32,043	272,043
2027	245,000	29,617	274,617
2028	165,000	27,486	192,486
2029	170,000	25,557	195,557
2030-2034	885,000	82,581	967,581
2035-2036	<u>385,000</u>	<u>7,750</u>	<u>392,750</u>
Totals	<u>\$ 2,325,000</u>	<u>\$ 239,452</u>	<u>\$ 2,564,452</u>

**NOTE 10 – OTHER DEBT**

The following is a summary of changes during 2024 and balances for accrued paid time off of the Village as of December 31, 2024.

Governmental Activities	Balance	Additions	Retirements	Balance	Due Within One Year
	01/01/24			12/31/24	
Accrued paid time off	\$ 5,974	\$ -	\$ 16	\$ 5,958	\$ 5,958
Total	<u>\$ 5,974</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 5,958</u>	<u>\$ 5,958</u>

**NOTE 11 – LEASES**

The Village has a lease, effective April 23, 1997, for the rental of property to American Tower for placement of a cell tower. The lease includes the option for eight additional five-year extensions, with a 5% annual increase in rent. For the year ending December 31, 2024, the Village received \$63,163 in rental income from the lessee.

A schedule of future lease payments is as follows:

Year	Amount
2025	\$ 66,321
2026	69,638
2027	73,119
2028	76,775
2029	80,614
2030-2034	467,716
2035-2037	<u>257,194</u>
	<u>1,091,377</u>

**VILLAGE OF VERNON, WISCONSIN**  
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**NOTE 12 – EMPLOYEE RETIREMENT 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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-efi/reports-and-studies/financial-reports-and-statements>. Additionally, EFT issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**Vesting**

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

**Benefits provided**

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

Final average earnings are 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.

Vesting participants may retire at or after age 55 (50 for protective occupation) and receive an actuarially-reduced benefits. 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.

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

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN, 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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)

**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 marched into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$33,103 in contributions from the Village.

Contribution rates as of December 31, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>	<u>Duty Disability</u>
General (including teachers, executives, and elected officials)	6.90%	6.90%	0.00%
Protective with Social Security	6.90%	14.30%	0.02%

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

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN, continued**

**Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

At December 31, 2024, the Village reported a liability of \$43,170 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Village's proportion was .0029%, which was a decrease of .0002% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Village recognized a pension expense of \$29,793.

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences between expected and actual experience	\$ 174,064	\$ 230,548
Changes in assumptions	18,816	-
Net differences between projected and actual earnings on pension plan investments	150,443	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,884	785
Employer contributions subsequent to the measurement date	36,392	-
<b>Total</b>	<b>\$ 382,599</b>	<b>\$ 231,333</b>

\$36,392 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
2024	\$ 164,938	\$ 142,010
2025	113,659	89,323
2026	67,610	-

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

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN, continued**

**Actuarial assumptions**

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

**Long-term expected Return on Plan Assets**

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

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

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN, continued**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Retirement Funds**  
**Asset Allocation Targets and Expected Returns**  
**As of December 31, 2023**

<u>Core Fund Asset Class</u>			Long-Term		Long-Term	
	Current Asset Allocation %		Expected Nominal Rate of Return %		Expected Real Rate of Return %	
Public Equities	40.0	%	7.3	%	4.5	%
Public Fixed Income	27.0		5.8		3.0	
Inflation Sensitive	19.0		4.4		1.7	
Real Estate	8.0		5.8		3.0	
Private Equity/Debt	18.0		9.6		6.7	
Leverage	-12.0		3.7		1.0	
Total Core Fund	100.0	%	7.4	%	4.6	%
 <u>Variable Fund Asset Class</u>						
US Equities	70	%	6.8	%	4.0	%
International Equities	30		7.6		4.8	
Total Variable Fund	100	%	7.3	%	4.5	%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**Single Discount rate**

A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. The discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN, continued**

**Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate**

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

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase To Discount Rate (7.80%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 417,266	\$ 43,170	\$ (218,599)

**Pension plan fiduciary net position**

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

At December 31, 2024, the Village reported a payable of \$7,545 for the outstanding amount of contributions to the plan required for the year ended December 31, 2024.

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE**

**Plan Description**

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

**OPEB Plan Fiduciary Net Position**

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

**Benefits provided**

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

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

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**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, continued**

**Contributions**

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

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

Contribution rates as of December 31, 2024 are:

<u>Covered Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contributions rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2023 are as listed below:

**Life Insurance  
Employee Contribution Rates\*  
For the year ended December 31, 2023**

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$74 in contributions from the employer.

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

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**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, continued**

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

At December 31, 2024, the Village reported a liability of \$16,783 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.0036%, which was a decrease of 0.0063% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the Village recognized OPEB expense of \$5,669.

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows</u> of Resources	<u>Deferred Inflows</u> of Resources
Differences between expected and actual experience	\$ -	\$ 1,485
Net differences between projected and actual investment earnings on plan investments	227	-
Change in actuarial assumptions	5,250	6,609
Changes in proportion and differences between employer contributions and proportionate share of contributions	37	35,484
Employer contributions subsequent to the measurement date	<u>283</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,797</u></b>	<b><u>\$ 43,578</u></b>

\$283 reported as deferred outflows related to OPEB resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflows</u> of Resources	<u>Deferred Inflows</u> of Resources
2024	\$ 1,880	\$ 9,010
2025	1,732	8,493
2026	959	8,105
2027	379	7,622
2028	303	6,344
Thereafter	<u>261</u>	<u>4,004</u>
<b>Total</b>	<b><u>\$ 5,514</u></b>	<b><u>\$ 43,578</u></b>

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

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**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, continued**

**Actuarial assumptions**

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net Pension Liability:	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

**Long-term expected Return on Plan Assets**

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

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

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**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, continued**

**Local OPEB Life Insurance**

**Asset Allocation Targets and Expected Returns**

As of December 31, 2023

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected rate of return			4.25%

**Single Discount Rate**

A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.32%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32%) or 1-percentage-point higher (4.32%) than the current rate:

	<u>1% Decrease to Discount Rate</u> <u>(2.32%)</u>	<u>Current Discount Rate</u> <u>(3.32%)</u>	<u>1% Increase to Discount Rate</u> <u>(4.32%)</u>
Village's proportionate share of the net OPEB liability	\$ 22,551	\$ 16,783	\$ 12,381

**Payables to the OPEB Plan**

Payables to the OPEB plan at December 31, 2024 were \$0. This represents contributions earned as of December 31, 2024, but for which payment was not remitted to the OPEB plan until subsequent to year-end.

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

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**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

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

The Municipality has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The Village has entered into a contract with the Wisconsin Department of Transportation for the completion of the Center Drive Bridge Project. The project began in 2024 and is expected to be completed by the end of 2029. The total cost of the project is estimated at \$1,855,000, 20% of which is funded through the Village and the other 80% paid from state and federal funding.

A contract with Waukesha County is in effect for police patrol services. Required payments to the County for services in 2025 are estimated at \$200,000.

**NOTE 15 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance 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 past three fiscal years.

**NOTE 16 – GOVERNMENTAL FUND BALANCE/NET POSITION**

Fund Balance at December 31, 2024

<b>Fund Balance</b>	
<b>Non-Spendable</b>	
Inventory	\$ 150,011
Prepaid expenses	80,601
<b>Restricted</b>	
Major Funds	
Project Improvement Fund	928,800
Non-Major Funds	
Impact Fee Fund	22,980
<b>Committed - Non-Major Fund</b>	
Stormwater Fund	228,458
<b>Assigned - Major Fund</b>	
ARPA Fund	84,222
Unassigned - General Fund	<u>(390,388)</u>
<b>Total Fund Balance</b>	<u>\$ 1,104,684</u>

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

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**NOTE 16 – GOVERNMENTAL FUND BALANCE/NET POSITION, continued**

**Governmental Activities**

**Net investment in capital assets:**

Capital assets, net of accumulated depreciation	\$ 6,237,822
Less: related long-term debt outstanding, excluding unspent debt proceeds and non-capital borrowings	<u>(2,325,000)</u>
	3,912,822
 Restricted - Expendable:	
Future pension benefits	107,812
Park capital projects	22,980
Unrestricted	<u>990,648</u>
 Total governmental activities net position	<u>\$ 5,034,262</u>

**NOTE 17 – LIMITATION ON VILLAGE TAX LEVY**

Wisconsin state statutes limit the amount of revenues local governments are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the village or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

**NOTE 18 – INTERMUNICPAL AGREEMENTS**

In March, 2018, the Village of Waterford paid the Village of Vernon \$75,000 for the shared ownership and usage of a fire vehicle. The vehicle will be kept at the Village of Waterford fire station but will be available to both municipalities for emergency purposes. Maintenance costs will be shared equally. The agreement is for 10 years, at which time the Village of Waterford will own 50% of the vehicle.

The Village entered into an agreement with Waukesha County, effective January 1, 2021, for the County to provide police patrol services to the Village for a period of five years. Costs are estimated annually, based on County budgets. For the year ending December 31, 2024 the Village paid \$201,416 to the County for services.

In 2021, pursuant to Sections 66.0301 and 755.01(4) of the Wisconsin Statutes, the Village entered into an agreement with the Village of Eagle, Village of North Prairie, Town of Eagle and Town of Mukwonago to create a joint municipal court. The municipal judge is elected to two-year terms by electors in the respective municipalities and, with the exception of matters required by state statute to be determined by the respective governing bodies, is responsible for the general operations of the court. The judge prepares an annual budget for the court, which is subsequently submitted to, and approved, by the joint members no later than December 1. Operating costs of the court are apportioned to each member based upon the respective percentage of court cases from the preceding year. Capital expenditures for furniture and equipment are shared equally. Any member may withdraw from the agreement by providing the judge and other members with written notice no later than August 31 of the final year of the judge's current term, with termination occurring at the end of the term.

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

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**NOTE 19 – EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

For the year ending December 31, 2024, the general fund saw total expenses for the year to be less than budgeted. However, various departments within the general fund had expenditures that exceeded budgeted amounts. A breakdown, by department, is as follows:

<b>General Fund</b>	<u>Final Budget</u>	<u>Expenditure</u>	<u>Excess</u>
General government	\$ 696,699	\$ 680,781	\$ 15,918
Public safety	1,463,444	1,518,434	(54,990)
Public works	737,728	710,778	26,950
Leisure Activities	109,736	82,120	27,616
Conservation and development	547,077	514,772	32,305
Capital outlay	35,000	141,127	(106,127)

**NOTE 20 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 17, 2025, the date these financial statements were available to be issued. No subsequent event adjustments were made to the financial statements.

**NOTE 21 - EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS**

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF VERNON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes				
General property taxes	\$ 1,690,282	\$ 1,690,282	\$ 1,688,716	\$ (1,566)
Ag-use penalties	-	-	14,133	14,133
Payments in lieu of taxes	5,000	5,000	5,497	497
Total Taxes	<u>1,695,282</u>	<u>1,695,282</u>	<u>1,708,346</u>	<u>13,064</u>
Intergovernmental				
State shared revenues				
Per capita	316,244	316,244	315,650	(594)
Exempt computer aid	271	271	271	-
State fire insurance aid	41,395	41,395	49,940	8,545
State transportation aid	204,640	204,640	204,640	-
Federal grants	167,330	127,000	224,841	97,841
State grants	500	500	7,775	7,275
Local grants	7,677	7,677	7,677	-
Video provider aid	20,836	20,836	20,836	-
Other local payments	3,000	3,000	424	(2,576)
Total Intergovernmental	<u>761,893</u>	<u>721,563</u>	<u>832,054</u>	<u>110,491</u>
Regulation and Compliance				
Business licenses	4,525	4,525	5,410	885
Non business licenses	9,000	9,000	5,837	(3,163)
Franchise payments	39,000	39,000	41,719	2,719
Building permits	120,050	120,050	184,488	64,438
Other regulation and compliance	150	150	120	(30)
Total Regulation and Compliance	<u>172,725</u>	<u>172,725</u>	<u>237,574</u>	<u>64,849</u>
Fines, Forfeitures, and Penalties	<u>8,100</u>	<u>8,100</u>	<u>6,100</u>	<u>(2,000)</u>
Public Charges for Services				
Sanitation services	506,464	506,464	506,696	232
Public safety	200,895	200,895	156,567	(44,328)
Park and recreation	45,700	45,700	24,016	(21,684)
Charges for professional services	81,370	81,370	84,909	3,539
Total Public Charges for Services	<u>834,429</u>	<u>834,429</u>	<u>772,188</u>	<u>(62,241)</u>
Investment Income				
Interest on temporary investments	<u>40,836</u>	<u>40,836</u>	<u>85,923</u>	<u>45,087</u>
Total Investment Income	<u>40,836</u>	<u>40,836</u>	<u>85,923</u>	<u>45,087</u>

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance</b> <b>Favorable</b> <b>(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Miscellaneous Income</b>				
Rental income	\$ 63,163	\$ 63,163	\$ 63,163	\$ -
Insurance reimbursement	-	-	12,074	12,074
Sale of equipment	13,235	13,235	82,639	69,404
Miscellaneous income	21	21	2,453	2,432
<b>Total Miscellaneous Income</b>	<b>76,419</b>	<b>76,419</b>	<b>160,329</b>	<b>83,910</b>
<b>Total Revenues</b>	<b>3,589,684</b>	<b>3,549,354</b>	<b>3,802,514</b>	<b>253,160</b>
<b>Expenditures</b>				
<b>General Government</b>				
Village board	48,627	48,627	47,627	1,000
Clerk & Treasurer	207,268	207,268	224,054	(16,786)
Assessor	47,500	47,500	45,000	2,500
Media sources	12,300	12,300	11,305	995
Professional services	191,000	191,000	190,046	954
Committees	-	-	535	(535)
Elections	73,434	73,434	43,894	29,540
Technology	19,800	19,800	24,050	(4,250)
Insurance	37,120	37,120	34,361	2,759
Other general government	59,650	59,650	59,909	(259)
<b>Total General Government</b>	<b>696,699</b>	<b>696,699</b>	<b>680,781</b>	<b>15,918</b>
<b>Public Safety</b>				
Police	206,969	206,969	207,372	(403)
Public fire protection	1,140,347	1,140,347	1,186,766	(46,419)
Planning and zoning	35,128	35,128	5,040	30,088
Building inspection	81,000	81,000	119,256	(38,256)
<b>Total Public Safety</b>	<b>1,463,444</b>	<b>1,463,444</b>	<b>1,518,434</b>	<b>(54,990)</b>
<b>Public Works</b>				
Salaries and benefits	324,221	324,221	420,675	(96,454)
Snow removal	93,300	93,300	62,876	30,424
Streets	202,330	202,330	123,743	78,587
Street lights	5,000	5,000	3,976	1,024
Operating expenses	112,877	112,877	99,508	13,369
<b>Total Public Works</b>	<b>737,728</b>	<b>737,728</b>	<b>710,778</b>	<b>26,950</b>

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance</b> <b>Favorable</b> <b>(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Leisure Activities</b>				
Parks	\$ 63,836	\$ 63,836	\$ 44,640	\$ 19,196
Recreation	45,900	45,900	37,480	8,420
<b>Total Leisure Activities</b>	<b>109,736</b>	<b>109,736</b>	<b>82,120</b>	<b>27,616</b>
<b>Health and sanitation services</b>				
Animal control	8,650	8,650	10,513	(1,863)
Refuse and recycling	538,427	538,427	504,259	34,168
<b>Total Health and sanitation Services</b>	<b>547,077</b>	<b>547,077</b>	<b>514,772</b>	<b>32,305</b>
<b>Capital Outlay</b>				
Public safety	20,000	20,000	26,715	(6,715)
Public works	15,000	15,000	114,412	(99,412)
<b>Total Capital Outlay</b>	<b>35,000</b>	<b>35,000</b>	<b>141,127</b>	<b>(106,127)</b>
<b>Total Expenditures</b>	<b>3,589,684</b>	<b>3,589,684</b>	<b>3,648,012</b>	<b>(58,328)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(40,330)</b>	<b>154,502</b>	<b>194,832</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>-</b>	<b>(40,330)</b>	<b>154,502</b>	<b>194,832</b>
<b>Fund Balance, January 1, 2024</b>	<b>(313,886)</b>	<b>(313,886)</b>	<b>(313,886)</b>	<b>-</b>
<b>Fund Balance, December 31, 2024</b>	<b>\$ (313,886)</b>	<b>\$ (354,216)</b>	<b>\$ (159,384)</b>	<b>\$ 194,832</b>

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS \***  
**DECEMBER 31, 2023**

<u>Year Ending</u>	<u>Employer's Proportion (Percentage) of Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2014	0.00477%	\$ (117,163)	\$ 559,196	-20.95%	102.74%
2015	0.00434%	\$ 70,550	\$ 481,601	14.65%	98.20%
2016	0.00430%	\$ 35,431	\$ 520,432	6.81%	99.12%
2017	0.00403%	\$ (119,711)	\$ 505,741	-23.67%	102.93%
2018	0.00404%	\$ 143,683	\$ 517,169	27.78%	96.45%
2019	0.00372%	\$ (120,001)	\$ 480,138	-24.99%	102.96%
2020	0.00346%	\$ (216,270)	\$ 466,132	-46.40%	105.26%
2021	0.00321%	\$ (258,852)	\$ 471,889	-54.85%	106.02%
2022	0.00314%	\$ 166,557	\$ 496,744	33.53%	95.72%
2023	0.00290%	\$ 43,170	\$ 440,225	9.81%	98.85%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS \***  
**DECEMBER 31, 2024**

<u>Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 37,098	\$ 37,098	\$ -	\$ 481,601	7.70%
2016	\$ 41,367	\$ 41,367	\$ -	\$ 520,432	7.95%
2017	\$ 39,668	\$ 39,668	\$ -	\$ 505,741	7.84%
2018	\$ 39,880	\$ 39,880	\$ -	\$ 517,169	7.71%
2019	\$ 35,393	\$ 35,393	\$ -	\$ 480,138	7.37%
2020	\$ 35,777	\$ 35,777	\$ -	\$ 466,132	7.68%
2021	\$ 36,106	\$ 36,106	\$ -	\$ 471,889	7.65%
2022	\$ 37,247	\$ 37,247	\$ -	\$ 496,745	7.50%
2023	\$ 33,103	\$ 33,103	\$ -	\$ 440,225	7.52%
2024	\$ 36,392	\$ 36,392	\$ -	\$ 469,625	7.75%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS \***  
**DECEMBER 31, 2023**

<u>Year Ending</u>	<u>Employer's Proportion (Percentage) of Net OPEB Liability</u>	<u>Employer's Share of the Net OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
2017	0.01461%	\$ 43,958	\$ 614,434	7.15%	44.81%
2018	0.01408%	\$ 36,329	\$ 510,000	7.12%	48.69%
2019	0.01341%	\$ 57,090	\$ 427,000	13.37%	37.58%
2020	0.01264%	\$ 69,502	\$ 503,000	13.82%	31.36%
2021	0.01063%	\$ 62,839	\$ 476,000	13.20%	29.57%
2022	0.00994%	\$ 37,877	\$ 478,000	7.92%	38.81%
2023	0.00365%	\$ 16,783	\$ 477,000	3.52%	33.90%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See the accompanying notes to the required supplementary information.

**VILLAGE OF VERNON**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS \***  
**DECEMBER 31, 2024**

<u>Year Ending</u>	Contributions in Relation to the Contractually Required Contributions				Contribution Deficiency (Excess)	<u>Covered Payroll</u>	Contributions as a Percentage of Covered Employee Payroll
	<u>Contractually Required Contributions</u>		<u>Contractually Required Contributions</u>				
2017	\$ 277	\$ 277	\$ 277	\$ -	\$ 614,434		0.05%
2018	\$ 271	\$ 271	\$ 271	\$ -	\$ 510,000		0.05%
2019	\$ 242	\$ 242	\$ 242	\$ -	\$ 427,000		0.06%
2020	\$ 251	\$ 251	\$ 251	\$ -	\$ 503,000		0.05%
2021	\$ 217	\$ 217	\$ 217	\$ -	\$ 476,000		0.05%
2022	\$ 200	\$ 200	\$ 200	\$ -	\$ 478,000		0.04%
2023	\$ 74	\$ 74	\$ 74	\$ -	\$ 477,000		0.02%
2024	\$ 283	\$ 283	\$ 283	\$ -	\$ 480,000		0.06%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See the accompanying notes to the required supplementary information.

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

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**NOTE 1 - BUDGETS**

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

- Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. The Village prepares an annual budget for the general fund, which does not include ARPA special revenue funds.
- A public hearing is conducted to obtain taxpayer comments.
- The budget is legally enacted through approval of the Village Board, prior to December 31.
- The Village Board approves transfers of budgeted amounts between departments within any fund; and, any revisions that alter the appropriations of any fund must be approved by the two-thirds of the governing body..
- Formal budgetary integration is employed as a management control device during the year for the general fund.

The Village controls expenditures at the department level. Some individual departments experienced expenditures, which exceeded appropriations. The detail of those items can be found in Note 20.

**NOTE 2 – WISCONSIN RETIREMENT SYSTEM**

*Changes of benefit terms related to pensions:*

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

*Changes of assumptions related to pensions:*

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

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

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

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

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

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

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age Level Percent of Payroll-Closed Amortization Period	Frozen Entry Age Level Percent of Payroll-Closed Amortization Period	Frozen Entry Age Level Percent of Payroll-Closed Amortization Period	Frozen Entry Age Level Percent of Payroll-Closed Amortization Period	Frozen Entry Age Level Percent of Payroll-Closed Amortization Period
Amortization Method:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

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

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

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

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

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

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**NOTE 2 – WISCONSIN RETIREMENT SYSTEM, continued**

*Changes of benefit terms related to LRIF OPEB liabilities:*

There were no recent changes in benefit terms.

*Changes of assumptions related to LRLIF OPEB liabilities:*

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

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

**VILLAGE OF VERNON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<b>Special Revenue</b>		<b>Total Non-Major Funds</b>
	<b>Impact Fee</b>	<b>Stormwater</b>	
<b>Assets</b>			
Cash and investments	\$ 21,884	\$ 266,948	\$ 288,832
Receivables			
Taxes	-	53,500	53,500
Due from other funds	1,096	-	1,096
<b>Total Assets</b>	<b>\$ 22,980</b>	<b>\$ 320,448</b>	<b>\$ 343,428</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>			
Deferred Inflows of Resources			
Stormwater fees	-	91,990	91,990
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>91,990</b>	<b>91,990</b>
Fund Balance			
Restricted	22,980	-	22,980
Committed	-	161,999	161,999
<b>Total Fund Balances</b>	<b>22,980</b>	<b>228,458</b>	<b>251,438</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 22,980</b>	<b>\$ 320,448</b>	<b>\$ 343,428</b>

**VILLAGE OF VERNON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Special Revenue</b>		<b>Total Non-Major Funds</b>
	<b>Impact Fee</b>	<b>Stormwater</b>	
<b>Revenues</b>			
Public charges for services	\$ 7,116	\$ 90,438	\$ 97,554
Investment income	173	-	173
<b>Total Revenues</b>	<b>7,289</b>	<b>90,438</b>	<b>97,727</b>
<b>Expenditures</b>			
Public works	-	30,731	30,731
<b>Excess of Expenditures Over Revenues</b>	<b>7,289</b>	<b>59,707</b>	<b>66,996</b>
Fund Balances, January 1	15,691	168,751	184,442
<b>Fund Balances, December 31</b>	<b>\$ 22,980</b>	<b>\$ 228,458</b>	<b>\$ 251,438</b>