

# PRELIMINARY OFFICIAL STATEMENT DATED JUNE 3, 2026

In the opinion of Husch Blackwell LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

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

## CITY OF DELAFIELD, WISCONSIN (Waukesha County)

### **\$1,885,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A**

**BID OPENING:** June 9, 2026, 10:00 A.M., C.T.

**CONSIDERATION:** Not later than 11:59 P.M., C.T. on June 9, 2026 (PARAMETERS RESOLUTION)

**PURPOSE/AUTHORITY/SECURITY:** The \$1,885,000\* General Obligation Promissory Notes, Series 2026A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Delafield, Wisconsin (the "City"), for public purposes, including paying the costs of Capital improvement projects, including but not limited to, projects for streets, parks and recreation/public facilities, municipal equipment, and public safety. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

**DATE OF NOTES:** June 25, 2026

**MATURITY:**

April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$50,000	2031	\$205,000	2035	\$225,000
2028	125,000	2032	210,000	2036	230,000
2029	200,000	2033	215,000		
2030	205,000	2034	220,000		

**\*MATURITY**

**ADJUSTMENTS:**

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, up to an increase of \$75,000 or a decrease of \$45,000 for the 2027 maturity or mandatory redemption amount and an increase or decrease of up to \$100,000 for maturities or mandatory redemption amounts in 2028 through 2036. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:**

See "Term Bond Option" herein.

**INTEREST:**

April 1, 2027 and semiannually thereafter.

**OPTIONAL REDEMPTION:**

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

**MINIMUM BID:**

\$1,866,150.

**MAXIMUM BID:**

\$2,035,800.

**GOOD FAITH DEPOSIT:**

A good faith deposit in the amount of \$37,700 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:**

Bond Trust Services Corporation.

**BOND COUNSEL:**

Husch Blackwell LLP.

**MUNICIPAL ADVISOR:**

Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:**

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

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



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## REPRESENTATIONS

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

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

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

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

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

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

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

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

## CLOSING CERTIFICATES

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

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## **CITY OF DELAFIELD COMMON COUNCIL**

		<u>Term Expires</u>
Tim Aicher	Mayor	April 2028
Danielle Henry	Aldersperson	April 2027
Stephen Laughland	Aldersperson	April 2027
Steve Michels	Aldersperson	April 2028
George Pavin	Aldersperson	April 2028
Paul Price	Aldersperson	April 2028
Jackie Valde	Aldersperson	April 2027
Dirk Wilken	Aldersperson	April 2028

## **ADMINISTRATION**

Tom J. Hafner, City Administrator/Public Works Director

Amy Buchman, Finance Officer/Treasurer

Molly Schneider, City Clerk

## **PROFESSIONAL SERVICES**

Kathryn Sawyer-Gutenkunst, Axley Attorneys, City Attorney, Waukesha, Wisconsin

Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other office located in Minneapolis, Minnesota)*

# INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Delafield, Wisconsin (the "City") and the issuance of its \$1,885,000\* General Obligation Promissory Notes, Series 2026A (the "Notes"). **The Common Council adopted a resolution on May 4, 2026 (the "Parameters Resolution"), which authorizes the Finance Officer/Treasurer and the City Administrator to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 9, 2026, then neither the Finance Officer/Treasurer nor the City Administrator will have the authority to award the sale of the Notes, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 25, 2026. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2027, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

### OPTIONAL REDEMPTION

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

\*Preliminary, subject to change.

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

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

**AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the costs of Capital improvement projects, including but not limited to, projects for streets, parks and recreation/public facilities, municipal equipment, and public safety.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Notes	\$1,885,000	
Estimated Interest Earnings	<u>13,612</u>	
<b>Total Sources</b>		<b>\$1,898,612</b>
<b>Uses</b>		
Estimated Underwriter's Discount	\$18,850	
Costs of Issuance	63,050	
Deposit to Project Construction Fund	1,814,898	
Rounding Amount	<u>1,814</u>	
<b>Total Uses</b>		<b>\$1,898,612</b>

\*Preliminary, subject to change.

**SECURITY**

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

**RATING**

General obligation debt of the City is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The City has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

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

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

## **CONTINUING DISCLOSURE**

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

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

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

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Husch Blackwell LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## **STATEMENT REGARDING COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for the Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

## TAX EXEMPTION

Husch Blackwell LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "annual adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

**THE ABOVE DISCUSSION IS ONLY A BRIEF SUMMARY OF THE EFFECTS OF THE CODE, AND EACH PROSPECTIVE PURCHASER OF THE NOTES SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE TAX EFFECT ON THE ECONOMIC VALUE OF THE NOTES.**

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Notes. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the Notes) issued prior to enactment.

## ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined

by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **MUNICIPAL ADVISOR**

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

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2025 have been audited by Johnson Block & Company, Inc., Middleton, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## **RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

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

### Assessed Value

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

## CURRENT PROPERTY VALUATIONS

2025 Equalized Value	\$2,667,384,100
2025 Assessed Value	\$2,569,046,100

## 2025 EQUALIZED VALUE BY CLASSIFICATION

	<b>2025 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$1,921,575,900	72.040%
Commercial	724,583,700	27.165%
Manufacturing	17,376,800	0.651%
Agricultural	341,500	0.013%
Undeveloped	93,000	0.003%
Ag Forest	746,200	0.028%
Forest	82,000	0.003%
Other	<u>2,585,000</u>	<u>0.097%</u>
 Total	 <u><u>\$2,667,384,100</u></u>	 <u><u>100.000%</u></u>

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2021	\$1,428,783,200	\$1,760,693,400	5.85%
2022	1,817,407,200	1,937,919,800	10.07%
2023	1,849,612,800	2,307,810,400	19.09%
2024	1,860,488,600	2,441,888,300	5.81%
2025	2,569,046,100	2,667,384,100	9.23%

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

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2025 Equalized Value <sup>1</sup>	Percent of City's Total Equalized Value
Nagawaukee Mzl, LLC	Mall	\$52,007,764	1.95%
Hendricks Commercial Properties, LLC	Shopping Center	43,344,077	1.63%
705 Genesee Street, LLC	Shopping Center	28,937,894	1.08%
Parquelynn Village LLC	Apartments	26,568,444	1.00%
Wal-Mart Real Estate Business Trust	Commercial	17,677,895	0.66%
Heritage-Hillside LLC	Shopping Center	17,314,290	0.65%
HSL-15 LLC	Assisted Living Facility	15,820,108	0.59%
HSI Wells Street Station LLC	Apartments	14,148,172	0.53%
Delafield Station LLC	Hotel	13,793,393	0.52%
Dayton Hudson Corporation #864	Commerical	<u>12,785,331</u>	<u>0.48%</u>
Total		\$242,397,368	9.09%
City's Total 2025 Equalized Value <sup>2</sup>		\$2,667,384,100	

Source: The City.

## DEBT

### DIRECT DEBT<sup>3</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u>\$13,036,335</u>
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\*Preliminary, subject to change.

<sup>1</sup> Calculated by dividing the 2025 Assessed Values by the 2025 Aggregate Ratio of assessment for the City.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt is as of the dated date of the Notes.

## DEBT PAYMENT HISTORY

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

## FUTURE FINANCING

The City anticipates issuing approximately \$2,000,000 in general obligation debt to finance capital projects in 2027, but the timing for any such borrowing has not yet been determined. Aside from the preceding, the City has no current plans for financing in the next 12 months.

## DEBT LIMIT

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

Equalized Value	\$2,667,384,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$133,369,205
Less: General Obligation Debt*	<u>(13,036,335)</u>
Unused Debt Limit*	<u><u>\$120,332,870</u></u>

\*Preliminary, subject to change.

City of Delafield, Wisconsin  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 06/25/2026)

	Refunding Bonds Series 2016A		Refunding Bonds Series 2016B		Promissory Notes Series 2017A		Promissory Notes Series 2018A		Promissory Notes Series 2019A	
<b>Dated</b>	06/08/2016		12/28/2016		07/11/2017		06/21/2018		06/26/2019	
<b>Amount</b>	\$3,550,000		\$5,720,000		\$1,335,000		\$1,135,000		\$2,350,000	
<b>Maturity</b>	06/01		03/01		06/01		04/01		06/01	
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>2026</b>	0	9,950	0	19,050	0	1,875	0	3,640	0	11,400
<b>2027</b>	335,000	16,550	640,000	28,500	150,000	1,875	130,000	5,493	245,000	19,125
<b>2028</b>	330,000	9,900	630,000	9,450			130,000	1,853	250,000	11,700
<b>2029</b>	330,000	3,300							265,000	3,975
<b>2030</b>										
<b>2031</b>										
<b>2032</b>										
<b>2033</b>										
<b>2034</b>										
<b>2035</b>										
<b>2036</b>										
	995,000	39,700	1,270,000	57,000	150,000	3,750	260,000	10,985	760,000	46,200

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City of Delafield, Wisconsin  
 Schedule of Bonded Indebtedness continued  
 General Obligation Debt Secured by Taxes  
 (As of 06/25/2026)

	Promissory Notes Series 2020A		Promissory Notes		Promissory Notes Series 2022A		Promissory Notes Series 2023A		Promissory Notes Series 2024A	
Dated	07/30/2020		07/26/2021		06/02/2022		05/25/2023		06/25/2024	
Amount	\$2,435,000		\$712,670		\$2,050,000		\$2,145,000		\$1,850,000	
Maturity	06/01		02/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	8,063	0	2,762	0	29,388	0	34,600	0	36,375
2027	235,000	12,600	71,267	4,971	200,000	53,775	160,000	66,000	170,000	68,500
2028	230,000	7,638	71,267	3,866	215,000	43,400	225,000	58,300	180,000	59,750
2029	200,000	4,825	71,267	2,762	245,000	31,900	250,000	48,800	185,000	50,625
2030	230,000	1,725	71,267	1,657	250,000	20,775	250,000	38,800	190,000	41,250
2031			71,267	552	255,000	11,950	270,000	28,400	210,000	31,250
2032					260,000	4,063	285,000	17,300	215,000	21,700
2033							290,000	5,800	220,000	13,000
2034									215,000	4,300
2035										
2036										
	895,000	34,850	356,335	16,570	1,425,000	195,250	1,730,000	298,000	1,585,000	326,750

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City of Delafield, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 06/25/2026)

	Promissory Notes Series 2025A		Promissory Notes Series 2026A							
Dated	05/08/2025		06/25/2026							
Amount	\$1,750,000		\$1,885,000*							
Maturity	04/01		04/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	39,825	0	0	0	196,927	196,927	13,036,335	.00%	2026
2027	125,000	76,525	50,000	76,741	2,511,267	430,655	2,941,922	10,525,068	19.26%	2027
2028	150,000	69,650	125,000	57,895	2,536,267	333,401	2,869,668	7,988,801	38.72%	2028
2029	190,000	61,150	200,000	53,133	1,936,267	260,469	2,196,736	6,052,534	53.57%	2029
2030	190,000	51,650	205,000	47,108	1,386,267	202,964	1,589,231	4,666,267	64.21%	2030
2031	200,000	41,900	205,000	40,855	1,211,267	154,907	1,366,174	3,455,000	73.50%	2031
2032	210,000	31,650	210,000	34,318	1,180,000	109,030	1,289,030	2,275,000	82.55%	2032
2033	215,000	22,100	215,000	27,410	940,000	68,310	1,008,310	1,335,000	89.76%	2033
2034	220,000	13,400	220,000	20,123	655,000	37,823	692,823	680,000	94.78%	2034
2035	225,000	4,500	225,000	12,389	450,000	16,889	466,889	230,000	98.24%	2035
2036			230,000	4,198	230,000	4,198	234,198	0	100.00%	2036
	1,725,000	412,350	1,885,000	374,167	13,036,335	1,815,572	14,851,907			

\* Preliminary, subject to change.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2025 Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Waukesha County	\$95,725,979,100	2.7865%	\$114,075,000	\$3,178,700
Kettle Moraine School District	6,354,488,107	28.4673%	13,210,000	3,760,527
Lake Country School District	1,808,275,348	42.6892%	8,945,000	3,818,549
Oconomowoc Area School District	11,203,737,962	0.7720%	57,965,000	447,507
Waukesha County Area Technical College District	98,152,381,881	2.7176%	20,560,000	<u>558,739</u>
City's Share of Total Overlapping Debt				<u><u>\$11,764,022</u></u>

**DEBT RATIOS**

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$2,667,384,100</b>	<b>Debt/ Per Capita 7,240<sup>4</sup></b>
Total General Obligation Debt*	\$13,036,335	0.49%	\$1,800.60
City's Share of Total Overlapping Debt	<u>11,764,022</u>	<u>0.44%</u>	<u>1,624.86</u>
Total*	\$24,800,357	0.93%	\$3,425.46

\*Preliminary, subject to change.

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

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

<sup>4</sup> Estimated 2025 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2021/22	\$6,668,080	100%	\$3.81
2022/23	7,007,106	100%	3.63
2023/24	6,569,265	100%	2.86
2024/25	6,699,598	100%	2.76
2025/26	6,704,302	In Process of Collection	2.51

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

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

## PROPERTY TAX RATES

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

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Total</b>
2021/22	\$8.33	\$1.68	\$3.81	\$13.82
2022/23	7.34	1.53	3.63	12.50
2023/24	6.61	1.39	2.86	10.86
2024/25	6.71	1.35	2.76	10.81
2025/26	6.49	1.27	2.51	10.27

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

## LEVY LIMITS

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

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

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

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

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

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

## **REVENUE FROM THE STATE**

In addition to local property taxes described above, a number of State programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2025, the City received approximately \$297,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$291,000 received in 2024. The City is expected to receive approximately \$307,000 in shared revenue under Chapter 79, Wis. Stats. in 2026. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

## **THE ISSUER**

### **CITY GOVERNMENT**

The City was incorporated in 1959 and is governed by a Mayor and a seven-member Common Council. All Council Members are elected to two-year terms. The appointed City Administrator/Public Works Director, City Finance Officer/Treasurer, and City Clerk are responsible for administrative details and financial records.

## **EMPLOYEES; PENSIONS**

The City employs a staff of 38 full-time, 13 part-time, and three seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2023, the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025 ("Fiscal Year 2025"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$312,790, \$353,720, and \$365,036 respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2024, the total pension liability of the WRS was calculated as \$136.18 billion and the fiduciary net position of the WRS was calculated as \$134.54 billion, resulting in a net pension liability of \$1.64 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2025, the City reported a liability of \$392,024 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2024 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.02385789% of the aggregate WRS net pension liability as of December 31, 2024.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 10 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

### **Recognized and Certified Bargaining Units**

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

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment

except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.<sup>1</sup>

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

The following bargaining unit represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Wisconsin Professional Association - Police	January 1, 2027

## **OTHER POST EMPLOYMENT BENEFITS**

The City has obligations for some post-employment benefits based on contractual agreements and State Statutes. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City has undertaken a review of its OPEB liabilities and has established a reserved fund balance to begin reserving funds to cover future health insurance expenses for qualifying retired staff.

OPEB calculations are required to be updated every two years and be prepared in accordance with Statement No. 74 and Statement No. 75 of the Governmental Accounting Standards Board ("GASB 74/75"). A table update for the plan prepared in accordance with GASB 74/75 was completed by Foster & Foster Consulting Actuaries Inc. in August 2025, with an actuarial valuation date of December 31, 2024 (the "Actuarial Report").

The City provides health insurance through Employee Trust Fund (ETF). The ETF health plan allows all retirees who are eligible for WRS to choose to self-pay the full amount of premiums to remain on the City's group health insurance plan indefinitely, provided they continue to pay all required premiums. The City's group health insurance plan OPEB liability is based on actuarial assumptions and projections. The City's annual liability for retiree medical benefits is on a pay-as-you-go basis. See Note 11 in Appendix A for details.

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

In addition, the City provides OPEB through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2025, the City's portion of contributions to the LRLIF totaled \$962. For Fiscal Year 2025, the City reported a liability of \$179,076 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2024 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.045773% of the aggregate LRLIF net OPEB liability as of December 31, 2024.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 11 E in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

The City received a formal impact fee appeal from the Metropolitan Builder's Association of Greater Milwaukee. The appeal alleges that impact fees were inappropriately expended "to offset future debt service levies" when impact fees are restricted to being used for capital facilities. What the appeal fails to recognize is that the future debt service that the impact fees have been used to offset is from the city's capital facilities construction projects for city hall, the library, the police and fire station, and the public works building. Among other things, the appeal calls for the City to refund over \$700,000 of impact fees to those who paid such fees over the past twenty years. The City submitted the appeal to its insurance company and they have assigned this case to Attorney Amy Doyle of Crivello, Nichols & Hall S.C.. The Metropolitan Builder's Association of Greater Milwaukee is going through the formal impact fee appeal process with the City. The City's Common Council is expected to issue a decision on the appeal at their April 21, 2025 meeting. There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

On January 7, 2026, the City of Delafield received a Notice of Injury and Claim Against the City of Delafield by Fabick GB LLC Pursuant to Wis. Stat. § 893.80 Regarding Excessive and Unlawful "Fire Department Service Fees" Imposed by the City of Delafield. The City implemented an annual fire protection and emergency medical services fee beginning in 2024 to fund its annual operational contribution to the Lake Country Fire & Rescue budget. The fee system was implemented under review and advisement from the City Attorney, who drafted Ordinance 822 establishing the fee (approved by the City Common Council on October 16, 2023) and Resolution 2023-18 adopting a fire protection and emergency medical services fee schedule (approved by the City's Common Council on November 6, 2023). The City of Delafield Common Council acted to formally deny the claim on April 20, 2026. There have been no further developments regarding this matter since the city's denial of the claim.

## **MUNICIPAL BANKRUPTCY**

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

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

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

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

**FUNDS ON HAND** (as of March 31, 2026)

<b>Fund</b>	<b>Total Cash and Investments</b>
General Fund	\$3,051,400
Suburban Critical Incident Team	97,326
Debt Service Fund	1,462,936
Delafield Woods TID #4	180,953
Capital Fund	1,077,541
Library Fund	544,936
Subdivider’s Deposit Fund	299,311
Tax Collection Fund	2,622,212
Tree Developers Deposit	66,791
Impact Fees	29,064
Promotion & Tourism	166,797
Water Utility	4,912,672
Sewer Utility	6,943,881
Storm Water Utility	<u>1,230,523</u>
 Total Funds on Hand	 <u><u>\$22,686,343</u></u>

## ENTERPRISE FUNDS

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

	<b>2023</b> <b>Audited</b>	<b>2024</b> <b>Audited</b>	<b>2025</b> <b>Audited</b>
<b>Water</b>			
Total Operating Revenues	\$939,053	\$964,259	\$978,588
Less: Operating Expenses	<u>(604,758)</u>	<u>(662,236)</u>	<u>(694,824)</u>
Operating Income	\$334,295	\$302,023	\$283,764
Plus: Depreciation	218,645	253,592	258,289
Interest Income	<u>189,088</u>	<u>164,248</u>	<u>226,576</u>
Revenues Available for Debt Service	<u><u>\$742,028</u></u>	<u><u>\$719,863</u></u>	<u><u>\$768,629</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$1,490,360	\$1,652,128	\$1,816,662
Less: Operating Expenses	<u>(1,656,550)</u>	<u>(1,708,729)</u>	<u>(1,920,400)</u>
Operating Income	(\$166,190)	(\$56,601)	(\$103,738)
Plus: Depreciation	391,879	414,338	425,169
Interest Income	<u>281,741</u>	<u>237,337</u>	<u>316,660</u>
Revenues Available for Debt Service	<u><u>\$507,430</u></u>	<u><u>\$595,074</u></u>	<u><u>\$638,091</u></u>
<b>Stormwater</b>			
Total Operating Revenues	\$152,688	\$153,375	\$150,998
Less: Operating Expenses	<u>(79,170)</u>	<u>(118,622)</u>	<u>(116,956)</u>
Operating Income	\$73,518	\$34,753	\$34,040
Plus: Depreciation	29,963	42,249	50,443
Interest Income	<u>56,704</u>	<u>45,877</u>	<u>58,144</u>
Revenues Available for Debt Service	<u><u>\$160,185</u></u>	<u><u>\$122,879</u></u>	<u><u>\$142,627</u></u>

## SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2025 audited financial statements.

	<b>FISCAL YEAR ENDING DECEMBER 31</b>			
<b>COMBINED STATEMENT</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Revenues</b>				
Property taxes & other taxes	\$5,050,309	\$5,116,596	\$4,490,338	\$4,568,086
Intergovernmental	1,016,595	990,617	1,247,446	1,315,961
Licenses and permits	374,971	466,343	590,499	456,940
Fines, forfeitures and penalties	65,689	56,055	73,373	63,781
Public charges for services	167,889	221,151	2,008,188	1,885,320
Intergovernmental charges for services	11,839	12,632	10,889	12,441
Interest and investment income (loss)	(27,398)	201,355	468,673	282,916
Miscellaneous income	63,697	114,682	82,173	161,616
<b>Total Revenues</b>	<u>\$6,723,591</u>	<u>\$7,179,431</u>	<u>\$8,971,579</u>	<u>\$8,747,061</u>
<b>Expenditures</b>				
Current:				
General government	\$751,325	\$737,807	\$752,625	\$775,779
Public safety	3,947,094	4,139,216	4,966,761	5,095,622
Public works	1,481,725	1,421,708	1,611,317	1,624,064
Health and human services	10,300	11,980	7,537	14,031
Culture, Recreation and Education	179,640	205,575	205,712	225,524
Conservation and development	517,067	492,683	503,390	535,537
Capital outlay	0	0	0	53,049
<b>Total Expenditures</b>	<u>\$6,887,151</u>	<u>\$7,008,969</u>	<u>\$8,047,342</u>	<u>\$8,323,606</u>
<b>Excess of revenues over (under) expenditures</b>	(\$163,560)	\$170,462	\$924,237	\$423,455
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	\$67,578	\$17,652	\$97,163	\$27,252
Transfers in	204,530	130,382	101,563	538,152
<b>Total Other Financing Sources (Uses)</b>	<u>272,108</u>	<u>148,034</u>	<u>198,726</u>	<u>565,404</u>
<b>Net changes in Fund Balances</b>	\$108,548	\$318,496	\$1,122,963	\$988,859
General Fund Balance January 1	<u>\$1,703,726</u>	<u>\$1,812,274</u>	<u>\$2,130,770</u>	<u>\$3,253,733</u>
General Fund Balance December 31	\$1,812,274	\$2,130,770	\$3,253,733	\$4,242,592
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>				
Nonspendable	\$5,927	\$32,207	\$76,009	\$73,695
Restricted	176,238	145,376	153,176	158,789
Assigned	63,378	263,682	449,706	434,635
Unassigned	1,566,731	1,689,505	2,574,842	3,575,473
<b>Total</b>	<u>\$1,812,274</u>	<u>\$2,130,770</u>	<u>\$3,253,733</u>	<u>\$4,242,592</u>

## GENERAL FUND BUDGET SUMMARY

FISCAL YEAR ENDING DECEMBER 31

### COMBINED STATEMENT

	<b>2026 Adopted Budget<sup>1</sup></b>
Revenues	
Property taxes & other taxes	\$4,517,314
Intergovernmental	1,149,127
Licenses and permits	431,126
Fines, forfeitures and penalties	94,000
Public charges for services	1,934,735
Intergovernmental charges for services	10,000
Interest and investment income (loss)	101,317
Miscellaneous income	73,265
<b>Total Revenues</b>	<b>\$8,310,883</b>
Expenditures	
Current:	
General government	\$810,158
Public safety	\$5,346,166
Public works	\$1,778,748
Health and human services	\$14,703
Culture, Recreation and Education	\$276,403
Capital outlay	\$571,182
Debt service:	
Principal repayment	0
Interest Expense and Fiscal Charges	0
<b>Total Expenditures</b>	<b>\$8,797,361</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(\$486,478)</b>
<b>Other Financing Sources (Uses)</b>	
Proceeds from Sale of Capital Assets	\$103,000
Transfers in	256,514
Transfers (out)	0
<b>Total Other Financing Sources (Uses)</b>	<b>359,514</b>
<b>Net changes in Fund Balances</b>	<b>(\$126,964)</b>

<sup>1</sup> The 2026 budget was adopted on November 17, 2025 and amended on December 15, 2025.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 7,185 and a current estimated population of 7,240 comprises an area of 11 square miles and is located approximately 25 miles west of downtown Milwaukee on Interstate 94 in southeastern Wisconsin.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Walmart	Retail	220
Albrecht's Sentry	Grocery	180
Target	Retail	150
Home Depot	Retail	130
Best Buy	Retail	120
Evans Transportation	Third-party logistics provider	110
Kohl's	Retail	101
Delafield hotel/I.d. Restaurant	Hotel and restaurant	100
Tanis Brush	Industrial and abrasive brush manufacturer	100
St. John's Northwestern Military Academy	College preparatory boarding school	95

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

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

## BUILDING PERMITS

	2022	2023	2024	2025	2026 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	25	33	57	50	8
Valuation	\$24,586,000	\$26,769,000	\$48,271,000	\$44,908,001	\$10,249,000
<u>New Commercial/Industrial</u>					
No. of building permits	1	2	1	1	0
Valuation	\$20,000,000	\$3,150,000	\$1,800,000	\$2,000,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	208	215	244	251	55
Valuation	\$54,602,994	\$56,066,200	\$74,680,300	\$64,074,401	\$16,840,800

**Source:** The City.

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<sup>1</sup> As of March 30, 2026.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census Population	7,085
2020 U.S. Census Population	7,185
Percent of Change 2010 - 2020	1.41%
2025 Estimated Population	7,240

### Income and Age Statistics

	The City	Waukesha County	State of Wisconsin	United States
2024 per capita income	\$73,731	\$58,126	\$43,373	\$44,673
2024 median household income	\$94,806	\$106,076	\$77,485	\$80,734
2024 median family income	\$156,050	\$132,381	\$100,141	\$99,999
2024 median gross rent	\$1,457	\$1,356	\$1,087	\$1,413
2024 median value owner occupied units	\$555,800	\$398,200	\$266,500	\$332,700
2024 median age	46.7 yrs.	43.5 yrs.	40.2 yrs.	38.9 yrs.

	State of Wisconsin	United States
City % of 2024 per capita income	169.99%	165.05%
City % of 2024 median family income	155.83%	156.05%

### Housing Statistics

	<u>The City</u>		
	2020	2024	Percent of Change
All Housing Units	3,362	3,445	2.47%

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

## EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Waukesha County	Waukesha County	State of Wisconsin	State of Wisconsin
2022	215,968	2.4%	2.8%	
2023	218,860	2.5%	2.8%	
2024	219,265	2.6%	3.0%	
2025, <sup>1</sup>	216,353	2.9%	3.2%	
2026, March <sup>1</sup>	215,088	3.4%	4.0%	

**Source:** Wisconsin Department of Workforce Development.

<sup>1</sup> Preliminary.

**FINANCIAL STATEMENTS**

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

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



**JOHNSON BLOCK**  
**CPAs**



**CITY OF DELAFIELD**

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

**For the Year Ended December 31, 2025**

**City of Delafield  
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December 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Delafield  
Delafield, Wisconsin

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

#### ***Opinions***

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

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

We did not audit the financial statements of the Lake Country Fire and Rescue, in which the City of Delafield has an equity interest which represents approximately 4.2% and 8.8% of the assets and net position of the governmental activities as of December 31, 2025. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lake Country Fire and Rescue, in which the City of Delafield has any equity interest, is based solely on the report of the other auditor.

#### ***Basis for Opinions***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 City of Delafield, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Delafield, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Local Retiree Life Insurance Fund schedules, Group Health Insurance Plan schedules, and Wisconsin Retirement System schedules on pages iv through xiii and 61-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

The combining non-major fund financial statements are 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 non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
June 1, 2026



## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2025

As management of the City of Delafield, we offer readers of the City of Delafield financial statements, this narrative overview and analysis of the financial activities of the City of Delafield for the fiscal year ended December 31, 2025. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the City's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the City's operating results. The City's net position, as measured in the Statement of Net Position, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, sidewalks, storm sewers, land, and buildings in assessing the overall health of our City.

- The assets and deferred outflows of resources of the City of Delafield exceeded its liabilities and deferred inflows of resources, as of December 31, 2025, by \$57,170,702 which included \$24,747,837 net position of governmental activities and \$32,422,865 net position of business-type activities. Of this amount, \$17,796,261 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position includes all infrastructure assets of the governmental funds.
- As of December 31, 2025, the City of Delafield's governmental funds reported combined ending fund balances of \$7,781,118. Approximately 46% of this total, or \$3,559,704, is available for spending at the government's discretion.
- The City's investment policy indicates that the goal of the unassigned fund balance is to be equal to 20% of the current operating budget. As of December 31, 2025, the unassigned fund balance for the general fund was \$3,575,473, or approximately 43% of total general fund expenditures. This reflects an increase when compared to the 32% unassigned fund balance as of December 31, 2024.
- Tax Incremental District #4 was established in 2012 for the development of property in a mixed-use district known as Delafield Woods. Total project expenditures are estimated at approximately \$970,000, and the estimated expenditure period is 15 years. As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$6,500,000 will be created as a result of new development and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the district. This TID is developer guaranteed, meaning that the developer is responsible for payment of the TID loan if there are not enough tax increment revenues generated to cover those expenses. The City anticipates collecting sufficient increment to pay off the remaining obligation in 2025. As such, the City, terminated the TID in 2024, with the last increment collection occurring in 2025.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Delafield's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the City's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 through 3 of this report.

- The *Statement of Net Position* presents information on all of the City of Delafield's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Delafield is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Delafield that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Delafield include general government; public safety; public works; health and human services; culture, recreation and education; and conservation and development. The business-type activities of the City of Delafield include the Sanitary Sewer Utility, 1980; Delafield Water District #1, 1994; and Storm Water Utility District #1, 2004.

The government-wide financial statements include the following blended component unit: Delafield Promotion & Tourism Commission. The City of Delafield Promotion & Tourism Commission was created on January 1, 1988 by Ordinance 424 and is considered to be a component unit. The rate of the room tax is 8% of gross receipts of rental of accommodations. For the fiscal year 2025, under 2015 Wisconsin Act 55, the City must forward room tax revenue to a tourism entity or commission but may retain the greater of either 30% of its current year room tax revenues, or the room tax amount retained in fiscal year 2010. For 2025, this amount was \$241,587.

**Fund financial statements.** The City also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the City-wide statements and provide information that may be useful in evaluating a City's short-term financing requirements. There are two fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.

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

## OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The City of Delafield maintains three major governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service, and Capital Projects. In addition, the following non-major funds are present: Tax Increment Financing District #4, Subdivider's Deposits, Delafield Promotion & Tourism, Developer Chargebacks, Library Fund, Impact Fees, and Tree Developer Fund.

The City of Delafield adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4 through 7 of this report.

Governmental fund balance amounts are classified as follows:

Non-Spendable Fund Balance: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items not expected to be converted to cash including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.

Restricted Fund Balance: The restricted fund balance classification is reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Common Council. Such action is taken in open meeting and requires the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

Assigned Fund Balance: The assigned fund balance classification reflects amounts that are constrained by the City's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint. The City Administrator, or designee, assigns the fund balance, to the extent such assignment does not create a negative unassigned fund balance.

Unassigned Fund Balance: The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds are reported.

**Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer utility (Sanitary Sewer Utility), water utility (Delafield Water District #1), and the storm water utility (Storm Water Utility District #1) which are considered to be major funds of the City of Delafield. The basic proprietary fund financial statements can be found on pages 8 through 12 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Delafield's programs. The fiduciary funds maintained by the City of Delafield are the Tax Collection Fund, which records the tax roll and tax collections for other taxing jurisdictions within the City of Delafield, and the Suburban Critical Incent Team Fund, which records the activity of the Suburban Critical Incident Team. The basic fiduciary fund financial statements can be found on pages 13 and 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 60 of this report.

## OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds are presented immediately following the required supplementary information. Required supplementary information can be found on pages 61 through 68 of this report. Individual fund statements and schedules can be found on pages 69 through 72 of this report. Statistical data can be found on pages 73 through 78 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's position (net of related debt) for the year ended December 31, 2025.

The largest portion of the City's net position (66%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$17,796,261) may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Delafield Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$ 19,245,617	\$ 20,094,461	\$ 12,041,763	\$ 13,428,850	\$ 31,287,380	\$ 33,523,311
Capital Assets	28,344,606	29,238,049	21,091,194	20,456,669	49,435,800	49,694,718
Total Assets	\$ 47,590,223	\$ 49,332,510	\$ 33,132,957	\$ 33,885,519	\$ 80,723,180	\$ 83,218,029
Deferred Outflows	\$ 3,064,795	\$ 2,245,223	\$ 256,722	\$ 196,076	\$ 3,321,517	\$ 2,441,299
Total Assets and Deferred Outflows of Resources	\$ 50,655,018	\$ 51,577,733	\$ 33,389,679	\$ 34,081,595	\$ 84,044,697	\$ 85,659,328
Long-term Liabilities Outstanding	\$ 14,565,707	\$ 14,315,381	\$ 765,776	\$ 643,468	\$ 15,331,483	\$ 14,958,849
Other Liabilities	2,410,633	1,889,699	585,408	917,398	2,996,041	2,807,097
Total Liabilities	\$ 16,976,340	\$ 16,205,080	\$ 1,351,184	\$ 1,560,866	\$ 18,327,524	\$ 17,765,946
Deferred Inflows of Resources	\$ 11,402,946	\$ 10,624,816	\$ 152,935	\$ 97,864	\$ 11,555,881	\$ 10,722,680
Net Investment in Capital Assets	\$ 16,417,903	\$ 17,682,523	\$ 20,294,361	\$ 19,786,026	\$ 36,712,264	\$ 37,468,549
Restricted	1,713,579	1,850,165	77,912	55,727	1,791,491	1,905,892
Unrestricted	4,144,250	5,215,149	11,513,287	12,581,112	15,657,537	17,796,261
Total Net Position	\$ 22,275,732	\$ 24,747,837	\$ 31,885,560	\$ 32,422,865	\$ 54,161,292	\$ 57,170,702
Total Liabilities, Deferred Inflows and Net Position	\$ 50,655,018	\$ 51,577,733	\$ 33,389,679	\$ 34,081,595	\$ 84,044,697	\$ 85,659,328

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

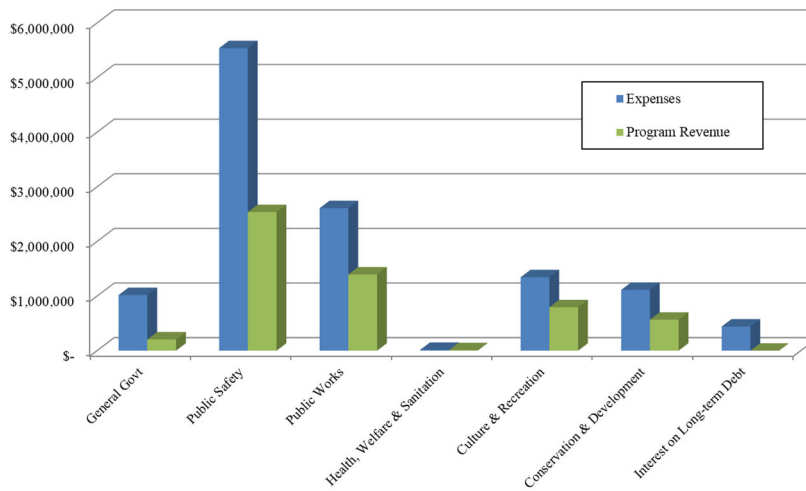
The table below provides a summary of the City’s operating results and their impact on net position for the year ended December 31, 2025. In 2025, the City relied primarily on property taxes (38%) to fund its operations, or \$6.82 million. Program revenues, in the form of charges for services (31%), operating grants and contributions (10%), and capital grants and contributions (7%) accounted for \$8.69 million of the total revenues of \$17.85 million.

<b>City of Delafield Change in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services and fees, fines and costs	\$ 2,818,457	\$ 2,615,687	\$ 2,769,762	\$ 2,946,248	\$ 5,588,219	\$ 5,561,935
Operating grants and contributions	1,765,011	1,824,744	-	-	1,765,011	1,824,744
Capital grants and contributions	321,302	1,068,311	251,676	235,126	572,978	1,303,437
<b>General Revenues:</b>						
Property taxes	6,700,556	6,824,568	-	-	6,700,556	6,824,568
Other taxes	623,343	655,932	-	-	623,343	655,932
Grants and contributions not restricted to specific programs	347,124	426,870	-	-	347,124	426,870
Unrestricted Interest and Investment	594,568	415,616	432,172	586,257	1,026,740	1,001,873
Miscellaneous	177,428	248,919	1,530	2,309	178,958	251,228
<b>Total Revenues</b>	<b>\$ 13,347,789</b>	<b>\$ 14,080,647</b>	<b>\$ 3,455,140</b>	<b>\$ 3,769,940</b>	<b>\$ 16,802,929</b>	<b>\$ 17,850,587</b>
<b>Expenses:</b>						
General Government	\$ 1,221,473	\$ 1,019,026	\$ -	\$ -	\$ 1,221,473	\$ 1,019,026
Public Safety	5,501,136	5,538,635	-	-	5,501,136	5,538,635
Public Works	2,867,032	2,608,971	-	-	2,867,032	2,608,971
Health, Welfare and Sanitation	8,498	14,992	-	-	8,498	14,992
Culture and Recreation	1,287,731	1,344,533	-	-	1,287,731	1,344,533
Conservation and Development	718,315	1,112,568	-	-	718,315	1,112,568
Interest on Long-term Debt	418,069	441,888	-	-	418,069	441,888
Capital Outlay	-	-	-	-	-	-
Water Utility	-	-	665,866	697,743	665,866	697,743
Sewer Utility	-	-	1,734,449	1,937,700	1,734,449	1,937,700
Storm Water Utility	-	-	125,385	119,663	125,385	119,663
<b>Total Expenses</b>	<b>\$ 12,022,254</b>	<b>\$ 12,080,613</b>	<b>\$ 2,525,700</b>	<b>\$ 2,755,106</b>	<b>\$ 14,547,954</b>	<b>\$ 14,835,719</b>
Increase (decrease) in net position before special items and transfers	\$ 1,325,535	\$ 2,000,034	\$ 929,440	\$ 1,014,834	\$ 2,254,975	\$ 3,014,868
Special Item-Gain (Loss) on Sale of Asset	71,051	(5,458)	-	-	71,051	(5,458)
Transfers	91,563	477,529	(91,563)	(477,529)	-	-
<b>Increase (decrease) in net position</b>	<b>\$ 1,488,149</b>	<b>\$ 2,472,105</b>	<b>\$ 837,877</b>	<b>\$ 537,305</b>	<b>\$ 2,326,026</b>	<b>\$ 3,009,410</b>
Net position - January 1, restated	20,787,583	22,275,732	31,047,683	31,885,560	51,835,266	54,161,292
Net position - December 31	\$ 22,275,732	\$ 24,747,837	\$ 31,885,560	\$ 32,422,865	\$ 54,161,292	\$ 57,170,702

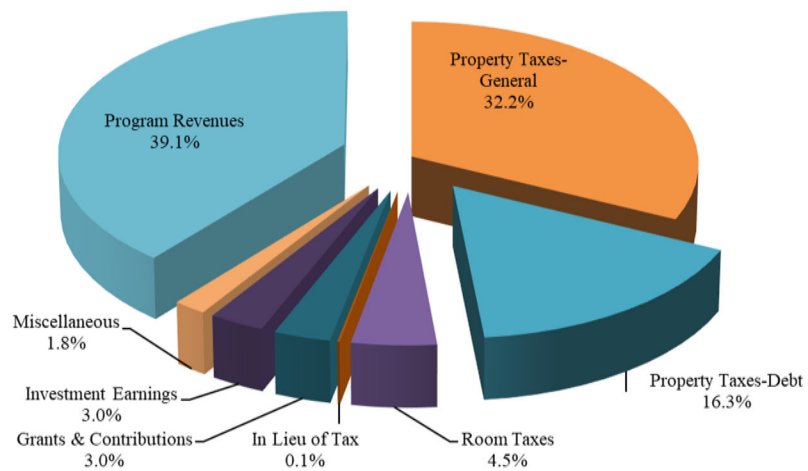
## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Expenses and Program Revenues – Governmental Activities

**Governmental Activities:** Governmental activity revenues and expenses both increased from 2024 to 2025. Revenues increased by \$732,858 or 5.49%, mainly due to program revenues increasing by 12.3%, or \$603,972. General government revenues decreased \$274,961, or about 57.2%, mostly due to decrease in both charges for services and operating grants and contributions. Public works revenues came in at an increase of \$764,303, or 121.1%, mostly due to a large capital contributions in 2025. Culture and recreation revenues increased \$191,590, or about 31.8% from 2024. This primarily resulted from an increase of \$151,416 in DNR grants. Governmental activity expenses increased from 2024 as well, but at a lower rate than the revenues at 0.49%, or \$58,359. One of the reasons for this increase is that conservation and development expenses increased \$394,253, or about 54.89%, due primarily to TIF #4 closeout distributions and tourism expenses related to the Delafield Promotional Council. Culture and recreation expenses increased by approximately 4.41%, or \$56,802, primarily due to increased library salaries and benefits. Overall, revenues came in well above expenses, so the City’s net position still increased by \$2,472,105.



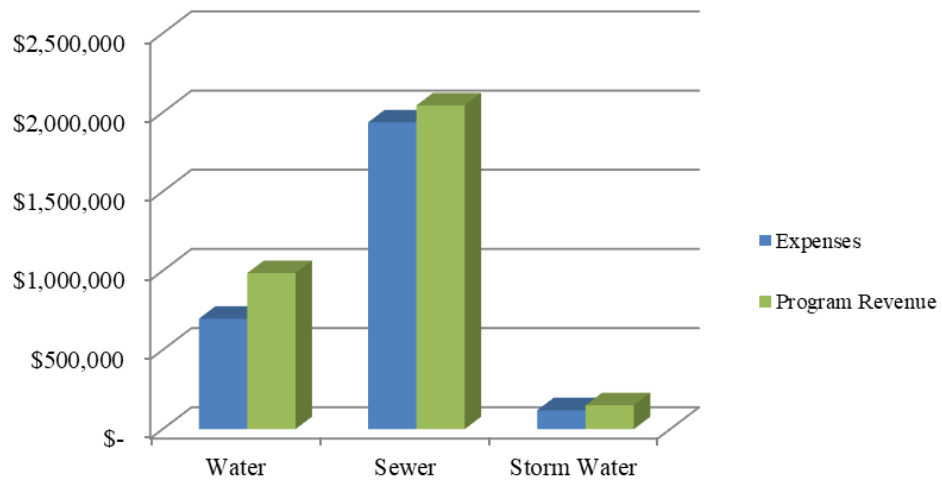
### Revenues by Source – Governmental Activities



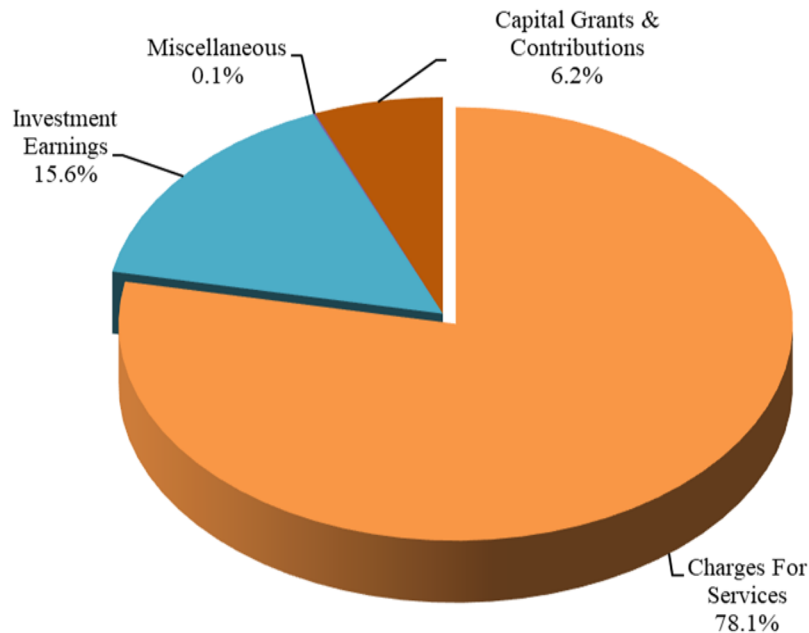
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Expenses and Program Revenues – Business-type Activities**

**Business-type activities:** Business-type activities increased the City’s net position by \$537,305 overall. Both investment earnings and charges for services increased significantly. The revenues specific to Water, Sewer, and Storm Water increased by \$159,936, or 5.29%, while expenses increased at a rate of 9.08%, or \$229,406. The main reason for the increase in revenues was due to increased usage of water and sewer and the increase of water and sewer rates in 2025. The main reason for the increase in expenses was due to increase in user fees for chemical treatment charged to the sewer utility.



**Revenues by Source – Proprietary Funds**



## FINANCIAL ANALYSIS OF CITY OF DELAFIELD FUNDS

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

**Governmental funds.** The focus of City of Delafield's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements.

As of December 31, 2025, the City's governmental funds reported combined ending fund balances of \$7,781,118, an increase of \$1,185,976 from the prior year. Of the combined ending fund balance, \$5,503,748 (71%), constitutes *unassigned and assigned fund balance* that is available for spending at the City's discretion. The remainder of fund balance is *nonspendable, restricted or committed* to indicate that it is not available for new spending because it has already been committed for the following: 1) for general fund 2026 spending (\$73,695); 2) for cemetery (\$158,789); 3) for debt service (\$1,137,123); and 4) for legally restricted assets of the special revenue funds (\$907,763).

The general fund is the chief operating fund of the City. It should be noted that the City has a Financial Policies Resolution 2019-13 dated December 2, 2019 that states, "The City's goal to build up and then maintain a General Fund unreserved fund balance at no less than an amount equal to 20% of the current operating budget" in order to provide for unanticipated expenses of a non-recurring nature. At the end of the current year, the unassigned fund balance of the general fund was \$3,575,473 while total governmental fund balance was \$7,781,118. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total general fund expenditures, while total general fund balance represents 51% of that same amount.

**Proprietary funds.** The City of Delafield's *proprietary fund* financial statements provide the same type of information found in the City's government-wide financial statements, but in more detail.

Operating revenues increased \$176,486 from 2024, or 6.4%. Operating expenses increased similarly by \$242,593, or 9.7%, compared to the previous year. The increase in revenues is primarily due to the increase in sewer utility revenues. Some of the main factors for the increase in expenses over last year is due to an increase in user fee/chemical treatment expenses for the sewer utility, as well as increased payroll expenses.

The Sewer Utility's outstanding debt at December 31, 2025 was \$440,000, a decrease of \$80,000 from the balance at December 31, 2024.

The Water, Sewer, and Storm Water Utilities' combined capital assets of \$20,456,669 decreased by \$634,525 over the previous year, as current-year depreciation exceeded additions of infrastructure and equipment.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues, sale of capital assets and transfers in were \$575,961 more than budgeted revenues. Interest rates were higher than budgeted, so bank interest income also played a role in this increase. Miscellaneous income increased due to amounts received for a totaled squad car and tourism revenue.

Actual expenditures came in under the budgeted expenditures by \$133,632. Public Works expenses were under budget by \$17,976, primarily due to lower-than-budgeted employee health benefit expenses and reduced street sealing. Public safety expenses were under budget by \$150,088, mainly due to lower-than budgeted police department wages and benefits. Culture, Recreation, and Education expenses were under budget by \$18,487, primarily due to less seasonal salaries than expected.

The changes in revenues and expenditures in the general fund resulted in a net increase of \$988,859 to the total fund balance. The unassigned fund balance percentage of total general fund expenditures increased slightly from 32% at year-end 2024 to 43% at year-end 2025.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The City of Delafield’s investment in capital assets for its governmental and business-type activities as of December 31, 2025 amounts to \$49,694,718 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The net increase in the City’s investment in capital assets for the current year was \$258,918, or 0.5%, from last year (a 3.2% increase for governmental activities and a 3% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- PD Replacement Squad - \$70,092
- Public Safety Building Cameras - \$67,182
- 2025 Street Improvement Program - \$536,457
- Genesse St Path - \$227,904
- Delafield Park Way Roadway & Path (Contributed) - \$322,700
- Lake Weed Transport Barge with Tri-Axle Trailer - \$100,265
- Replacement Plow Truck Advanced Down Payment - \$125,825
- St. Johns Estates Road, Sidewalk & Exeter Street (Contributed) - \$517,400
- New UTV Vehicle with V-Plow and Dump Box - \$49,972

Additional information on the City of Delafield’s capital assets can be found in Note 8 on pages 37 through 39 of this report.

<b>City of Delafield Capital Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	\$ 5,321,291	\$ 5,321,291	\$ 1,412,581	\$ 1,412,581	\$ 6,733,872	\$ 6,733,872
Construction in Process	859,752	1,078,071	49,785	-	909,537	1,078,071
Structures & Improvements	11,280,426	11,347,609	3,154,037	3,154,037	14,434,463	14,501,646
Other Improvements	2,024,041	2,024,041	-	-	2,024,041	2,024,041
Equipment	5,125,485	5,439,214	4,652,315	4,779,553	9,777,800	10,218,767
Infrastructure	51,268,083	52,808,422	25,599,376	25,599,376	76,867,459	78,407,798
<b>Total Capital Assets</b>	<b>\$ 75,879,078</b>	<b>\$ 78,018,648</b>	<b>\$ 34,868,094</b>	<b>\$ 34,945,547</b>	<b>\$ 110,747,172</b>	<b>\$ 112,964,195</b>
Less: Accumulated Depreciation	(47,534,472)	(48,780,599)	(13,776,900)	(14,488,878)	(61,311,372)	(63,269,477)
<b>Net Capital Assets</b>	<b>\$ 28,344,606</b>	<b>\$ 29,238,049</b>	<b>\$ 21,091,194</b>	<b>\$ 20,456,669</b>	<b>\$ 49,435,800</b>	<b>\$ 49,694,718</b>

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Long-term debt.** At the end of the current fiscal year, the City of Delafield had total debt outstanding of \$14,958,849, all of which was backed by the full faith of the City.

<b>City of Delafield Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
General Obligation Notes	\$ 13,233,869	\$ 12,882,602	\$ 745,000	\$ 625,000	\$ 13,978,869	\$ 13,507,602
Unamortized Debt Premium	452,044	465,582	20,776	18,468	472,820	484,050
Compensated Absence	879,794	967,197	-	-	879,794	967,197
Mortgage Revenue Bonds	-	-	-	-	-	-
<b>Total</b>	<b>\$ 14,565,707</b>	<b>\$ 14,315,381</b>	<b>\$ 765,776</b>	<b>\$ 643,468</b>	<b>\$ 15,331,483</b>	<b>\$ 14,958,849</b>

During the fiscal year, City of Delafield’s debt decreased by \$372,634.

The City’s current rating by Moody’s Investors Service is Aa2 for its general obligation debt.

Additional information on the City’s long-term debt can be found in Note 9 on pages 40 through 42 of this report.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Delafield’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tom Hafner, City Administrator/Director of Public Works, or Amy Buchman, Finance Officer/Treasurer, at the City of Delafield, 500 Genesee Street, Delafield, Wisconsin 53018.

General information relating to the City of Delafield, Wisconsin can be found at the City's website at <https://www.cityofdelafieldwi.gov/>.

## **BASIC FINANCIAL STATEMENTS**

**City of Delafield  
Delafield, Wisconsin**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 12,150,710	\$ 12,433,154	\$ 24,583,864
Receivables:			
Taxes Receivable	4,795,711	54,432	4,850,143
Current Portion - Special Assessments	32,073	-	32,073
Accounts	22,759	736,060	758,819
Short-term Lease Receivable	28,306	-	28,306
Interest Receivable - Leases	7,908	-	7,908
Other	280,722	5,856	286,578
Due from Other Governmental Agencies	2,009	-	2,009
Internal Balances	(143,621)	143,621	-
Prepaid Expenses	7,280	-	7,280
Inventories	3,755	-	3,755
Total Current Assets	<u>17,187,612</u>	<u>13,373,123</u>	<u>30,560,735</u>
Noncurrent Assets:			
Long-term Special Assessments Receivable	102,309	-	102,309
Long-term Lease Receivable	625,499	-	625,499
Investment in Fire Department	2,179,041	-	2,179,041
Capital Assets:			
Land, Improvements and Construction in Progress	6,399,362	1,412,581	7,811,943
Other Capital Assets, Net of Depreciation	22,838,687	19,044,088	41,882,775
Net Capital Assets	<u>29,238,049</u>	<u>20,456,669</u>	<u>49,694,718</u>
Total Noncurrent Assets	<u>32,144,898</u>	<u>20,456,669</u>	<u>52,601,567</u>
Restricted Assets:			
Restricted Cash	-	55,727	55,727
Total Restricted Assets	<u>-</u>	<u>55,727</u>	<u>55,727</u>
Total Assets	<u>49,332,510</u>	<u>33,885,519</u>	<u>83,218,029</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows	2,245,223	196,076	2,441,299
Total Deferred Outflows of Resources	<u>2,245,223</u>	<u>196,076</u>	<u>2,441,299</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 51,577,733</u>	<u>\$ 34,081,595</u>	<u>\$ 85,659,328</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 821,394	\$ 296,356	\$ 1,117,750
Due to Other Governmental Agencies	3,372	506,068	509,440
Accrued Interest Payable	134,391	9,907	144,298
Unearned Revenue	5,950	-	5,950
Long-Term Liabilities:			
Due Within One Year:			
Bonds and Notes	2,231,267	125,000	2,356,267
Compensated Absences	351,135	-	351,135
Current Portion of Debt Premium	86,329	-	86,329
Due In More Than One Year:			
Bonds and Notes	10,651,335	500,000	11,151,335
Debt Premium	379,253	18,468	397,721
Compensated Absences	616,062	-	616,062
Net Pension Liability	358,546	33,478	392,024
Net OPEB Liability	566,046	71,589	637,635
Total Liabilities	16,205,080	1,560,866	17,765,946
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows	10,624,816	97,864	10,722,680
Total Deferred Inflows of Resources	10,624,816	97,864	10,722,680
<b>NET POSITION</b>			
Net Investment in Capital Assets	17,682,523	19,786,026	37,468,549
Restricted			
Capital Projects and Other Projects	-	55,727	55,727
Debt Service	1,137,123	-	1,137,123
Special Revenue	713,042	-	713,042
Unrestricted	5,215,149	12,581,112	17,796,261
Total Net Position	24,747,837	32,422,865	57,170,702
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 51,577,733	\$ 34,081,595	\$ 85,659,328

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

<b>Functions/Programs</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Governmental Activities</b>							
General Government	\$ 1,019,026	\$ 205,178	\$ 418	\$ -	\$ (813,430)	\$ -	\$ (813,430)
Public Safety	5,538,635	2,143,249	393,938	-	(3,001,448)	-	(3,001,448)
Public Works	2,608,971	7,153	542,982	845,230	(1,213,606)	-	(1,213,606)
Health and Human Services	14,992	9,650	-	-	(5,342)	-	(5,342)
Culture, Recreation and Education	1,344,533	79,569	491,865	223,081	(550,018)	-	(550,018)
Conservation and Development	1,112,568	170,888	395,541	-	(546,139)	-	(546,139)
Interest on Long-term Debt	441,888	-	-	-	(441,888)	-	(441,888)
<b>Total Governmental Activities</b>	<b>12,080,613</b>	<b>2,615,687</b>	<b>1,824,744</b>	<b>1,068,311</b>	<b>(6,571,871)</b>	<b>-</b>	<b>(6,571,871)</b>
<b>Business-type Activities</b>							
Water	697,743	978,588	-	7,025	-	287,870	287,870
Sewer	1,937,700	1,816,662	-	228,101	-	107,063	107,063
Stormwater Utility	119,663	150,998	-	-	-	31,335	31,335
<b>Total Business-type Activities</b>	<b>2,755,106</b>	<b>2,946,248</b>	<b>-</b>	<b>235,126</b>	<b>-</b>	<b>426,268</b>	<b>426,268</b>
<b>Total Primary Government</b>	<b>14,835,719</b>	<b>5,561,935</b>	<b>1,824,744</b>	<b>1,303,437</b>	<b>(6,571,871)</b>	<b>426,268</b>	<b>(6,145,603)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, levied for general purposes					4,527,090	-	4,527,090
Property Taxes, levied for debt service					2,297,478	-	2,297,478
Room Taxes					637,932	-	637,932
In Lieu of Tax					18,000	-	18,000
Grants and Contributions not restricted to specific programs					426,870	-	426,870
Unrestricted Investment Earnings					415,616	586,257	1,001,873
Miscellaneous					248,919	2,309	251,228
<i>Special Item - Gain (Loss) on Disposal of Asset</i>					(5,458)	-	(5,458)
Transfers					477,529	(477,529)	-
<b>Total General Revenues, Special Items, and Transfers</b>					<b>9,043,976</b>	<b>111,037</b>	<b>9,155,013</b>
<b>Change in Net Position</b>					<b>2,472,105</b>	<b>537,305</b>	<b>3,009,410</b>
<b>Net Position - Beginning of Year</b>					<b>22,275,732</b>	<b>31,885,560</b>	<b>54,161,292</b>
<b>Net Position - End of Year</b>					<b>\$ 24,747,837</b>	<b>\$ 32,422,865</b>	<b>\$ 57,170,702</b>

**City of Delafield  
Delafield, Wisconsin**

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 6,716,529	\$ 1,747,783	\$ 2,135,223	\$ 1,551,175	\$ 12,150,710
Receivables:					
Taxes	3,122,667	22,352	1,337,723	312,969	4,795,711
Special Assessments	-	32,073	-	-	32,073
Accounts	6,440	-	-	16,319	22,759
Short-Term Lease Receivable	28,306	-	-	-	28,306
Other	240,096	-	-	48,533	288,629
Due from Other Funds	42,434	-	-	-	42,434
Due from Other Governments	2,009	-	-	-	2,009
Prepaid Expenses and Inventories	11,035	-	-	-	11,035
Long-Term Special Assessments	-	102,309	-	-	102,309
Long-Term Lease Receivable	625,499	-	-	-	625,499
Total Assets	<u>\$ 10,795,015</u>	<u>\$ 1,904,517</u>	<u>\$ 3,472,946</u>	<u>\$ 1,928,996</u>	<u>\$ 18,101,474</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 188,161	\$ 155,449	\$ -	\$ 36,229	\$ 379,839
Accrued Liabilities	42,381	-	-	399,174	441,555
Due to Other Funds	-	-	-	42,434	42,434
Payable to Other Governments	3,372	-	-	-	3,372
Unearned Revenue	-	-	-	5,950	5,950
Current Portion of Advance Payable	-	105,276	5,478	-	110,754
Advances Payable	-	-	32,867	-	32,867
Total Liabilities	<u>233,914</u>	<u>260,725</u>	<u>38,345</u>	<u>483,787</u>	<u>1,016,771</u>
Deferred Inflows of Resources:					
Deferred Inflows	<u>6,318,509</u>	<u>134,383</u>	<u>2,297,478</u>	<u>553,215</u>	<u>9,303,585</u>
Fund Balances (Deficit):					
Nonspendable	73,695	-	-	-	73,695
Restricted	158,789	-	1,137,123	554,253	1,850,165
Committed	-	-	-	353,510	353,510
Assigned	434,635	1,509,409	-	-	1,944,044
Unassigned (Deficit)	3,575,473	-	-	(15,769)	3,559,704
Total Fund Balances (Deficit)	<u>4,242,592</u>	<u>1,509,409</u>	<u>1,137,123</u>	<u>891,994</u>	<u>7,781,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,795,015</u>	<u>\$ 1,904,517</u>	<u>\$ 3,472,946</u>	<u>\$ 1,928,996</u>	<u>\$ 18,101,474</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

Total fund balance, governmental funds	\$	7,781,118
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position.</p>		29,238,049
<p>This amount reflects special assessment revenue that is accrued on the government-wide but not on the fund financial statements.</p>		134,383
<p>Deferred inflows of resources are reported in the fund financial statement, but are already recognized as earned in the Statement of Net Position.</p>		15,706
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p>		
Deferred inflows of resources	(1,471,319)	
Deferred outflows of resources	2,245,223	773,904
<p>Equity in Fire Department not reflected in fund financial statements but reported in government-wide statements.</p>		2,179,041
<p>Some liabilities, (such as Notes Payable, Accrued Interest, Life Insurance OPEB Liability and Long-term Compensated Absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Long-term debt - due within one year	(2,231,267)	
Long-term debt - due in more than one year	(10,651,335)	
Long-term debt - premium	(465,582)	
Accrued interest	(134,391)	
Net OPEB liability	(566,046)	
Net Pension liability	(358,546)	
Compensated absences - due within one year	(351,135)	
Compensated absences - due in more than one year	(616,062)	(15,374,364)
Net Position of Governmental Activities in the Statement of Net Position		\$ 24,747,837

See accompanying notes to financial statements.

City of Delafield  
Delafield, Wisconsin

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 3,912,154	\$ -	\$ 2,297,478	\$ 614,936	\$ 6,824,568
Other Taxes	655,932	-	-	-	655,932
Special Assessment Revenue	-	31,109	-	-	31,109
Intergovernmental	1,315,961	156,441	-	479,679	1,952,081
License and Permits	456,940	-	-	135,122	592,062
Fines, Forfeits and Penalties	63,781	-	-	-	63,781
Public Charges for Services	1,885,320	-	-	220,041	2,105,361
Intergovernmental Charges for Services	12,441	-	-	-	12,441
Interest and Investment Income	282,916	-	100,062	82,612	465,590
Miscellaneous Income	161,616	5,130	-	400,895	567,641
Total Revenues	<u>8,747,061</u>	<u>192,680</u>	<u>2,397,540</u>	<u>1,933,285</u>	<u>13,270,566</u>
<b>EXPENDITURES</b>					
Current:					
General Government	775,779	-	-	52,105	827,884
Public Safety	5,095,622	-	-	-	5,095,622
Public Works	1,624,064	-	-	2,546	1,626,610
Health and Human Services	14,031	-	-	-	14,031
Culture, Recreation and Education	225,524	-	-	991,636	1,217,160
Conservation and Development	535,537	-	-	575,499	1,111,036
Capital Outlay	53,049	1,879,847	-	-	1,932,896
Debt Service:					
Principal Repayment	-	-	2,026,267	75,000	2,101,267
Interest Expense and Fiscal Charges	-	67,348	435,773	5,550	508,671
Total Expenditures	<u>8,323,606</u>	<u>1,947,195</u>	<u>2,462,040</u>	<u>1,702,336</u>	<u>14,435,177</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>423,455</u>	<u>(1,754,515)</u>	<u>(64,500)</u>	<u>230,949</u>	<u>(1,164,611)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Capital Assets	27,252	-	-	-	27,252
Proceeds from Long-Term Debt	-	1,750,000	-	-	1,750,000
Premium from Long-Term Debt Issuance	-	-	95,806	-	95,806
Transfers In	538,152	259,135	607,577	-	1,404,864
Transfers Out	-	(142,025)	(259,135)	(526,175)	(927,335)
Total Other Financing Sources (Uses)	<u>565,404</u>	<u>1,867,110</u>	<u>444,248</u>	<u>(526,175)</u>	<u>2,350,587</u>
Net Change in Fund Balances (Deficit)	988,859	112,595	379,748	(295,226)	1,185,976
Fund Balances (Deficit) - Beginning of Year	3,253,733	1,396,814	757,375	1,187,220	6,595,142
Fund Balances (Deficit) - End of Year	<u>\$ 4,242,592</u>	<u>\$ 1,509,409</u>	<u>\$ 1,137,123</u>	<u>\$ 891,994</u>	<u>\$ 7,781,118</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

Net change in fund balances - total governmental funds: \$ 1,185,976

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays, \$1,418,675, were greater than depreciation, \$1,332,622, in the current period. 86,053

Capital contribution received during the year. 840,100

Gain (Loss) on disposal of capital assets not reflected on fund financial statements. (32,710)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This represents revenues which were recorded on the government-wide financial statements in the current year but not yet recognized in the fund financial statements. (30,016)

Amortization of unamortized debt premium on the government-wide statements. 82,269

Change in equity in the Fire Department. 349,644

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which principal repayments of \$2,101,267 were less than proceeds of \$1,750,000 and a premium of \$95,806. 255,461

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

Actuarially determined change in health and life insurance asset (liability) between years, with deferred inflows and outflows (10,208)

Actuarially determined change in net pension asset (liability) between years, with deferred inflows and outflows (151,574)

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

Accrued interest expense increase from prior year (15,487)

Increase in compensated absences liability not reflected in fund financial statements (87,403)

Change in net position of governmental activities \$ 2,472,105

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 4,795,871	\$ 6,430,161	\$ 1,207,122	\$ 12,433,154
Receivables:				
Taxes and Special Assessments	11,675	42,572	185	54,432
Accounts	239,328	496,622	110	736,060
Current Portion - Advances	-	114,636	-	114,636
Other	-	5,856	-	5,856
Total Current Assets	<u>5,046,874</u>	<u>7,089,847</u>	<u>1,207,417</u>	<u>13,344,138</u>
Restricted Assets:				
Cash and Cash Equivalents	-	55,727	-	55,727
Total Restricted Assets	<u>-</u>	<u>55,727</u>	<u>-</u>	<u>55,727</u>
Capital Assets:				
Land and Improvements	392,439	193,737	826,405	1,412,581
Other Capital Assets	9,929,021	20,822,869	2,781,076	33,532,966
Less Accumulated Depreciation	<u>(4,424,833)</u>	<u>(9,646,992)</u>	<u>(417,053)</u>	<u>(14,488,878)</u>
Net Capital Assets	<u>5,896,627</u>	<u>11,369,614</u>	<u>3,190,428</u>	<u>20,456,669</u>
Noncurrent Assets:				
Advances Receivable	-	56,160	-	56,160
Total Noncurrent Assets	<u>-</u>	<u>56,160</u>	<u>-</u>	<u>56,160</u>
Total Assets	<u>10,943,501</u>	<u>18,571,348</u>	<u>4,397,845</u>	<u>33,912,694</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows	<u>78,752</u>	<u>108,829</u>	<u>8,495</u>	<u>196,076</u>
Total Deferred Outflows of Resources	<u>78,752</u>	<u>108,829</u>	<u>8,495</u>	<u>196,076</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,022,253</u>	<u>\$ 18,680,177</u>	<u>\$ 4,406,340</u>	<u>\$ 34,108,770</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Enterprise Funds</b>			
	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 12,142	\$ 209,287	\$ 1,478	\$ 222,907
Accrued Liabilities	2,412	2,972	271	5,655
Taxes Accrued	67,794	-	-	67,794
Accrued Interest Payable	2,150	6,657	1,100	9,907
Due to Other Governments	-	506,068	-	506,068
Advances Payable	3,142	-	740	3,882
Bonds and Loans Payable	25,000	85,000	15,000	125,000
Total Current Liabilities	<u>112,640</u>	<u>809,984</u>	<u>18,589</u>	<u>941,213</u>
Non-Current Liabilities:				
Long-Term Debt:				
Bonds and Loans Payable	50,000	368,711	99,757	518,468
Total Long-Term Debt	<u>50,000</u>	<u>368,711</u>	<u>99,757</u>	<u>518,468</u>
Other Liabilities:				
Net Pension Liability	13,446	18,582	1,450	33,478
Net OPEB Liability	35,235	34,526	1,828	71,589
Advances Payable	18,851	-	4,442	23,293
Unearned Revenues	-	-	-	-
Total Other Liabilities	<u>67,532</u>	<u>53,108</u>	<u>7,720</u>	<u>128,360</u>
Total Non-Current Liabilities	<u>117,532</u>	<u>421,819</u>	<u>107,477</u>	<u>646,828</u>
Total Liabilities	<u>230,172</u>	<u>1,231,803</u>	<u>126,066</u>	<u>1,588,041</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	39,306	54,318	4,240	97,864
Total Deferred Inflows of Resources	<u>39,306</u>	<u>54,318</u>	<u>4,240</u>	<u>97,864</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,799,634	10,915,903	3,070,489	19,786,026
Restricted	-	55,727	-	55,727
Unrestricted	4,953,141	6,422,426	1,205,545	12,581,112
Total Net Position	<u>10,752,775</u>	<u>17,394,056</u>	<u>4,276,034</u>	<u>32,422,865</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,022,253</u>	<u>\$ 18,680,177</u>	<u>\$ 4,406,340</u>	<u>\$ 34,108,770</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 976,232	\$ 1,813,650	\$ 150,990	\$ 2,940,872
Other Operating Revenues	2,356	3,012	8	5,376
Total Operating Revenues	<u>978,588</u>	<u>1,816,662</u>	<u>150,998</u>	<u>2,946,248</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	426,080	1,495,231	66,513	1,987,824
Depreciation	258,289	425,169	50,443	733,901
Taxes	10,455	-	-	10,455
Total Operating Expenses	<u>694,824</u>	<u>1,920,400</u>	<u>116,956</u>	<u>2,732,180</u>
Operating Income (Loss)	<u>283,764</u>	<u>(103,738)</u>	<u>34,042</u>	<u>214,068</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	226,576	316,660	58,144	601,380
Miscellaneous Non-Operating Revenue	-	1,714	595	2,309
Interest Expense	(2,919)	(17,300)	(2,707)	(22,926)
Miscellaneous Expenses	(5,782)	(7,858)	(1,483)	(15,123)
Total Non-Operating Revenue (Expenses)	<u>217,875</u>	<u>293,216</u>	<u>54,549</u>	<u>565,640</u>
Income (Loss) Before Contributions and Transfers	<u>501,639</u>	<u>189,478</u>	<u>88,591</u>	<u>779,708</u>
Capital Contributions	7,025	228,101	-	235,126
Transfers Out	(70,866)	(406,663)	-	(477,529)
Change in Net Position	<u>437,798</u>	<u>10,916</u>	<u>88,591</u>	<u>537,305</u>
Total Net Position - Beginning of Year	<u>10,314,977</u>	<u>17,383,140</u>	<u>4,187,443</u>	<u>31,885,560</u>
Total Net Position - End of Year	<u>\$ 10,752,775</u>	<u>\$ 17,394,056</u>	<u>\$ 4,276,034</u>	<u>\$ 32,422,865</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b><u>Cash Flows From Operating Activities:</u></b>				
Receipts from customers	\$ 1,031,356	\$ 1,778,241	\$ 151,644	\$ 2,961,241
Payments to suppliers	(255,007)	(926,673)	(47,120)	(1,228,800)
Payments to employees	(179,991)	(247,892)	(19,308)	(447,191)
Taxes paid	(70,866)	(406,663)	-	(477,529)
Net cash provided (used) by operating activities	<u>525,492</u>	<u>197,013</u>	<u>85,216</u>	<u>807,721</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>				
Acquisition and construction of plant assets	(11,084)	(85,151)	(3,141)	(99,376)
Advance repayments received	-	263,496	-	263,496
Advance repayments paid	(3,142)	-	(740)	(3,882)
Principal payments on long-term debt	(25,000)	(80,000)	(15,000)	(120,000)
Interest paid	(2,919)	(17,300)	(2,707)	(22,926)
Connection fees received	7,025	228,101	-	235,126
Net cash provided (used) by capital and related financing activities	<u>(35,120)</u>	<u>309,146</u>	<u>(21,588)</u>	<u>252,438</u>
<b><u>Cash Flows From Investing Activities:</u></b>				
Interest income (loss)	220,794	308,802	56,661	586,257
Net cash provided (used) by investing activities	<u>220,794</u>	<u>308,802</u>	<u>56,661</u>	<u>586,257</u>
Net increase (decrease) in cash and equivalents	711,166	814,961	120,289	1,646,416
Cash and equivalents - Beginning of Year	<u>4,084,705</u>	<u>5,670,927</u>	<u>1,086,833</u>	<u>10,842,465</u>
Cash and equivalents - End of Year	<u>\$ 4,795,871</u>	<u>\$ 6,485,888</u>	<u>\$ 1,207,122</u>	<u>\$ 12,488,881</u>
<b><u>Reconciliation to Statement of Net Position</u></b>				
Cash and investments	\$ 4,795,871	\$ 6,430,161	\$ 1,207,122	\$ 12,433,154
Restricted cash and investments	<u>-</u>	<u>55,727</u>	<u>-</u>	<u>55,727</u>
Cash and equivalents - End of Year	<u>\$ 4,795,871</u>	<u>\$ 6,485,888</u>	<u>\$ 1,207,122</u>	<u>\$ 12,488,881</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 283,764	\$ (103,738)	\$ 34,042	\$ 214,068
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Joint Meter Allocation	1,628	(1,628)	-	-
Depreciation	258,289	425,169	50,443	733,901
Changes in Assets and Deferred Outflows of Resources, and Liabilities and Deferred Inflows of Resources:				
Customer Accounts Receivable	52,768	(38,421)	646	14,993
Taxes Receivable	(5,228)	(14,641)	1,519	(18,350)
Due From/To Other Governments	-	219,228	-	219,228
Pension and Related Assets and Liabilities	5,557	4,459	416	10,432
OPEB Liability	(5,858)	1,486	103	(4,269)
Transfer Out (Tax Equivalent)	(70,866)	(406,663)	-	(477,529)
Unearned Revenues	(350)	-	-	(350)
Accounts Payable	4,865	110,946	399	116,210
Accrued Liabilities	923	816	(2,352)	(613)
Net Cash Provided (Used) by Operating Activities	<u>\$ 525,492</u>	<u>\$ 197,013</u>	<u>\$ 85,216</u>	<u>\$ 807,721</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Tax Custodial Fund</b>	<b>Suburban Critical Incident Team</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,643,379	\$ 68,171	\$ 8,711,550
Receivables:			
Taxes Receivable	12,040,083	-	12,040,083
Total Assets	<u>\$ 20,683,462</u>	<u>\$ 68,171</u>	<u>\$ 20,751,633</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 10,934	\$ 10,934
Due to Other Governments	20,683,462	-	20,683,462
Total Liabilities	<u>20,683,462</u>	<u>10,934</u>	<u>20,694,396</u>
<b>NET POSITION</b>			
Restricted	-	57,237	57,237
Total Net Position	<u>-</u>	<u>57,237</u>	<u>57,237</u>
Total Liabilities and Net Position	<u>\$ 20,683,462</u>	<u>\$ 68,171</u>	<u>\$ 20,751,633</u>

See accompanying notes to financial statements.

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Tax Custodial Fund</b>	<b>Suburban Critical Incident Team</b>	<b>Total</b>
<b>ADDITIONS</b>			
Property Tax Collections for Other Governments	\$ 14,311,749	\$ -	\$ 14,311,749
SCIT Dues and Other Revenues	-	71,891	71,891
Total Additions	<u>14,311,749</u>	<u>71,891</u>	<u>14,383,640</u>
<b>DEDUCTIONS</b>			
Payments of Taxes to Other Governments	14,311,749	-	14,311,749
SCIT Expenses	-	65,045	65,045
Total Deductions	<u>14,311,749</u>	<u>65,045</u>	<u>14,376,794</u>
Change in Net Position	-	6,846	6,846
Net Position - Beginning of Year	-	50,391	50,391
Net Position - End of Year	<u>\$ -</u>	<u>\$ 57,237</u>	<u>\$ 57,237</u>

See accompanying notes to financial statements.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Delafield, Wisconsin, (“the City”) conform to generally accepted accounting principles as applicable to governmental units.

**A. Reporting Entity**

This report includes all of the funds of the City of Delafield, Wisconsin. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

**Component Units**

Delafield Promotion & Tourism Commission

The financial statements include the Delafield Promotion & Tourism Commission (“the Commission”) as a component unit. The Commission is a legally separate organization. The board of the Commission is appointed by the City of Delafield. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Commission, and also create a potential financial benefit or a burden on the City. As a component unit, the Commission’s financial statements have been presented as a blended entity in the basic financial statements. The information presented is for the fiscal year ended December 31, 2025.

Community Development Authority

The City’s Community Development Authority (“CDA”) was excluded because there was no financial activity in the CDA.

Delafield-Hartland Water Pollution Control Commission

The Delafield-Hartland Water Pollution Control Commission (“the Commission”) was excluded because the City does not appoint a majority of the Commission or provide a majority of funding.

Other

The School District of Kettle Moraine, Lake Country School District, the School District of Oconomowoc, and Arrowhead Union High School are excluded from the reporting entity. The financial statements exclude the accounts of the above-named school districts because the school districts have separately elected governing bodies, are legally separate and fiscally independent.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements are basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the government-wide financial statements are reported as business-type activities or governmental activities. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

**Government-Wide Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include: (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Fund Financial Statements (Continued)**

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

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

*Major Governmental Funds*

General Fund – Accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – To be used for the acquisition or construction of major capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

Debt Service Fund – Accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise debt.

*Major Enterprise Funds*

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following enterprise funds are included in these statements:

Water Utility – Accounts for the operations of the water system. (Major Fund)

Sewer Utility – Accounts for the operations of the sewer system. (Major Fund)

Stormwater Utility – Accounts for operations of the stormwater utility system. (Major Fund)

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Fund Financial Statements (Continued)**

The City reports the following non-major governmental funds:

*Non-Major Governmental Funds*

Special Revenue Funds – Used to account for the proceeds of specific revenue sources (other than major capital projects) that is legally restricted to expenditures for specific purposes.

Developer Chargebacks	Library Fund
Impact Fees Fund	Tree Developer
Delafield Promotion & Tourism Commission	Subdivider’s Deposits

Capital Projects Funds – Used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

TIF District #4

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

The City reports the following fiduciary funds:

Custodial Funds - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund and funds for a Suburban Critical Incident Team as a custodial fund.

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

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Government-Wide Financial Statements**

The government-wide Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

**Fund Financial Statements**

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

Property taxes are recorded in the year levied as receivables and deferred inflows. 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 City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

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

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City 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 City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

The proprietary funds follow all pronouncements of the Governmental Accounting Standards. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Water and Sewer Utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Assets, Liabilities, and Net Position or Equity**

**Cash and Cash Equivalents/Investments**

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

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

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The City's investment policy indicates the approved investment instruments allowed. See Note 2 for additional information.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Proprietary Cash and Equivalents**

For purposes of the proprietary fund statement of cash flows, the City considers all highly liquid investments with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

**Taxes Receivable**

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The City's portion of taxes is recorded as a receivable in the General Fund. The County acts as the collecting agency for all City taxes. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2025 tax roll

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

**Leases as Lessor**

Lease receivables for the City are measured at the present value of lease payments expected to be received over the lease term. Concurrently, a deferred inflow of resources is recorded at the initiation of the lease, equivalent to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis throughout the lease term.

A portion of fund balance is shown as nonspendable because it is not an available resource. It represents the yearend balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

**Allowance for Uncollectible Accounts**

General Fund accounts receivable is adjusted for all known uncollectible accounts. No allowance is necessary at year-end. 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 delinquent water and sewer billings because the utilities have the right by law to place delinquent bills on tax roll.

No allowance for estimated uncollectible receivables was reported for governmental funds in 2025. Delinquent real estate taxes are paid in full by the County, which assumes collection thereof.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred special assessments, those not subject to collection, are not recorded until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the City upon collection by the County. These delinquent installments are financed by the General Fund.

**Inventories**

Inventories of enterprise funds are valued at cost using the first-in/first-out method and are charged as expenses or capitalized when used. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

**Restricted Assets**

Restricted assets consisted of reserve amounts of \$55,727 for the Sewer Utility Replacement Fund.

**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.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Other Post-Employment Benefits (OPEB) Plan - Group Life Insurance Plan**

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

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

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

**OPEB Plan – Group Health Insurance Plan**

The City has their health insurance through Employee Trust Fund (ETF). The ETF health plan allows all retirees who are eligible for WRS to choose to self-pay the full (100%) amount of premiums to remain on the City's group health insurance plan indefinitely, provided they continue to pay all required premiums. The City's group health insurance plan OPEB liability is based upon the actuarial assumptions and projections. The City's annual liability for retiree medical benefits is on a pay-as-you-go basis. See Note 12 for additional information.

**Capital Assets**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets including infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

The City has retroactively reported all infrastructure acquired by its governmental fund types.

*General Capital Assets*

Capital assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Capital Assets (Continued)**

Depreciation on governmental capital assets is calculated straight-line based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by the Governmental Accounting Standards Board (GASB). Useful lives vary by asset type. Equipment and vehicles are depreciated over 5-15 years. Building improvements and streets are depreciated over 20 years. Buildings are depreciated over 40 years.

*Proprietary Fund Capital Assets*

Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes are capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2025.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.10% to 26.70% for the Water Utility and 1.10% to 20% for the Sewer Utility, depending on the various classes of property, in the respective utilities.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent 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 net position of the City is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

**Debt Issuance Costs**

Debt issuance costs are recognized as expenditures in the current period in the fund statements and government-wide statements.

**Compensated Absences**

Under terms of employment, employees are granted sick leave in varying amounts. The entire accumulation of \$651,717 is recorded in the Statement of Net Position. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The City applies a First-In, First-Out (FIFO) flows assumption when estimating its compensated absences liability. Under this assumption, employees are considered to use leave earned in prior years before current-year accumulated leave.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Compensated Absences (Continued)**

Vacation pay is also recorded as a liability. Vacation pay expected to be paid with expendable available financial resources is shown as current liability of the particular fund. The balance of the liability of \$315,480 is shown in the Statement of Net Position.

The liabilities are shown as governmental activities.

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

**Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as those fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as “Other Financing Sources” in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, 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 and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end requiring accrual.

**Equity Classifications**

*Government-Wide Statements*

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

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

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

**Equity Classifications (Continued)**

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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

*Fund Financial Statements*

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

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

**E. Utility Rates – Enterprise Funds**

The City of Delafield Sewer Utility user charges are regulated and established by the City Council. The Water Utility operates under service rules, which are established by the Public Service Commission of Wisconsin; rate charges are regulated by the Public Service Commission. Billings are made to customers on a quarterly basis for water and sewer service. The Stormwater Utility established rates effective January 1, 2005. Billings are made to customers on a quarterly basis for the Stormwater Utility.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

**F. Income Taxes**

The City of Delafield Water, Sewer and Stormwater Utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

**G. Budgetary Information**

**Budgets**

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any council approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the General Fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

**H. Capital Contributions – Proprietary Funds**

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position.

**I. Inter-fund Transactions**

The Water Utility is charged a tax equivalent due to the General Fund. Charges for the tax equivalent are recorded as operating transfers in the General Fund and Water Utility. In 2025, the transfer was \$70,866.

The Sewer Utility is charged a tax equivalent due to the General Fund. Charges for the tax equivalent are recorded as operating transfers in the General Fund and Sewer Utility. In 2025, the transfer was \$406,663.

The Sewer Utility pays an annual meter use charge to the Water Utility in accordance with requirements of the Public Service Commission. The annual charge is recorded as an operating expense of the Sewer Utility and as a reduction of various operating expenses and as operating revenue of the Water Utility based on the components of the charge.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**1. Summary of Significant Accounting Policies (Continued)**

**J. Advances to Other Funds**

Non-current portions of long-term inter-fund loan receivables are reported as advances and 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.

**K. Limitations on the City Tax Levy**

As part of Wisconsin’s Act 32 (2011), legislation was passed that limits the City’s future tax levies. Generally, the City is limited to its prior tax levy dollar amount, increased by the percentage change in the City’s equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

**L. Change in Accounting Principle**

Effective January 1, 2025, the City adopted GASB Statement No. 102, Certain Risk Disclosures. GASB 102 was issued to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The City does not have any certain risk disclosures requiring disclosure in the financial statements.

**2. Cash and Investments**

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

		Risks
Petty Cash/Cash on Hand	\$ 500	
Deposits with Financial Institutions	17,228,095	Custodial Credit
Certificates of Deposit	1,400,866	Custodial Credit/Interest Rate
Money Market Mutual Funds	1,523,101	Credit
Wisconsin Local Government Investment Pool	5,056,765	Credit/Interest rate
Library Closed-end Funds	23,120	Credit
Library Mutual Funds	147,504	Credit
Library Preferred Stocks	1,220	Credit
Government-Sponsored Enterprise	764,955	Credit/Interest rate
US Treasury Securities	4,041,577	Credit/Interest rate
Municipal Bonds	3,163,438	Credit/Interest rate
Total Cash and Investments	\$ 33,351,141	

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**2. Cash and Investments (Continued)**

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

Statement of Net Position:	
Cash and Investments	\$ 24,583,864
Restricted Cash and Investments	55,727
Fiduciary Funds:	
Cash and Investments	8,711,550
Total Cash and Investments	<u>\$ 33,351,141</u>

**A. Investments Authorized by Wisconsin Statutes**

Investment of City funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State.
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- (3) Bonds or securities of any county, drainage district, technical college district, village, city, town, or school district of this State.
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- (5) Bonds or securities issued under the authority of the municipality.
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes.
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the City plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

Also, funds held in a deferred compensation plan, cemetery perpetual care fund or endowment funds, including gifts, where the principal is to be kept intact may be invested under provisions of Section 881.01 of the Wisconsin Statutes (prudent person rule).

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**2. Cash and Investments (Continued)**

**A. Investments Authorized by Wisconsin Statutes (Continued)**

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

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

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

Investment allocation in the LGIP as of December 31, 2025, was: 32% in U.S. Treasuries and Agencies, 65% in Repurchase Agreements (U.S. Treasury & Agency Collateral) and 3% in Certificates of Deposit, Time Deposits, and Commercial Paper. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The Library investments are managed in accordance with State Statutes 43.58(7)(b) and 112.10. Library investments identified in the investment schedule are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including up to \$250,000 in cash in the event of the firm's liquidation.

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value has to changes in market interest rates.

The City does have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**2. Cash and Investments (Continued)**

**B. Interest Rate Risk (Continued)**

The City's investments at December 31, 2025, included the following:

Investment Type	Fair Value	Investment Maturities		
		Less Than 6 Months	6 Months to 1 Year	1 Year to 5 Years
Certificates of Deposit	\$ 1,400,866	\$ -	\$ 651,784	\$ 749,082
Municipal Bonds	3,163,438	-	-	3,163,438
Local Government Investment Pool	5,056,765	5,056,765	-	-
Government-Sponsored Enterprise	764,955	421,780	343,175	-
US Treasury Securities	4,041,577	4,041,577	-	-
<b>Total</b>	<b>\$ 14,427,601</b>	<b>\$ 9,520,122</b>	<b>\$ 994,959</b>	<b>\$ 3,912,520</b>

**C. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City has no investment policy that would further limit its investments choices.

As of December 31, 2025, the City's investments were rated as follows:

Investment	Rating	Fair Value
Mutual Funds	Morningstar - 3 Star	\$ 35,318
Mutual Funds	Morningstar - 4 Star	38,711
Mutual Funds	Morningstar - 5 Star	73,475
Money Market Funds	S&P - AAAM	1,523,101
Government-Sponsored Enterprise	Moody's - Aa1	764,955
Municipal Bonds	S&P - AA	199,996
Municipal Bonds	Moody's - Aa1	1,063,505
Municipal Bonds	Moody's - Aa2	1,091,600
Municipal Bonds	Moody's - Aaa	808,337
Preferred Stock	Moody's - Aa1	1,220
LGIP	Unrated	5,056,765
US Treasury Bond	Moody's - Aa1	4,041,577
Closed-end Funds	Morningstar - 5 Star	23,120
		<b>\$ 14,721,680</b>

**D. Custodial Credit Risk**

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**2. Cash and Investments (Continued)**

**D. Custodial Credit Risk (Continued)**

As of December 31, 2025, \$7,199,699 of the City's deposits with financial institutions in excess of federal depository insurance limits and the state deposit guarantee fund were exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust agent and in the City's name	<u>\$ 7,199,699</u>
Total	<u><u>\$ 7,199,699</u></u>

**3. Fair Value Measurement**

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

The City uses the following hierarchical disclosure framework:

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

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

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

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**3. Fair Value Measurement (Continued)**

	12/31/2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds	\$ 1,670,605	\$ 1,670,605	\$ -	\$ -
Municipal Bonds	3,163,438	-	3,163,438	-
Government-Sponsored Enterprise	764,955	-	764,955	-
US Treasury Securities	4,041,577	4,041,577	-	-
Brokered Certificates of Deposit	1,400,866	-	1,400,866	-
Closed-end Funds	23,120	23,120	-	-
US Common & Preferred Stock	1,220	1,220	-	-
Total Investments by Fair Value Level	<u>\$ 11,065,781</u>	<u>\$ 5,736,522</u>	<u>\$ 5,329,259</u>	<u>\$ -</u>

**4. Receivables**

All of the City's receivables are expected to be collected within one year with the following exceptions. The City has special assessments of \$134,382 in the capital projects fund. These are set up for installment payments for a period of up to 10 years. The current portion of the special assessments is \$32,073.

**5. Leases as Lessor**

The City has entered into a lease arrangement where the City is the lessor. In the Statement of Activities, lease revenue for the year ended December 31, 2025 was as follows:

Lease-related Revenue	<u>Governmental Activities</u>
Lease Revenue	
Land	\$ 38,240
Total Lease Revenue	38,240
Interest Revenue	20,190
Variable & Other Revenue	(3,666)
Total	<u>\$ 54,764</u>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**5. Leases as Lessor (Continued)**

Aggregate future cash flows for the revenue generated by the lease receivable and interest for the City as of December 31, 2025 are as follows:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total Receipts
2026	\$ 28,306	\$ 19,789	\$ 48,095
2027	29,167	18,928	48,095
2028	30,054	18,041	48,095
2029	30,969	17,127	48,096
2030	31,911	16,185	48,096
2031-2035	213,051	63,500	276,551
2036-2040	290,347	26,408	316,755
Total Future Receipts	<u>\$ 653,805</u>	<u>\$ 179,978</u>	<u>\$ 833,783</u>

**6. Deferred Inflows and Outflows of Resources**

Deferred inflows and outflows at December 31, 2025, consist of the following:

	General Fund	Capital Projects Fund	Debt Service Fund	Non-major Funds
2025-26 tax apportionment	\$ 3,869,314	\$ -	\$ 2,297,478	\$ 537,510
Other deferred revenues	18,000	-	-	15,705
Special charges and assessments not yet due	1,840,050	134,383	-	-
Leases	591,145	-	-	-
Total deferred inflow of resources for governmental funds	<u>\$ 6,318,509</u>	<u>\$ 134,383</u>	<u>\$ 2,297,478</u>	<u>\$ 553,215</u>

	Governmental Activities	Business-Type Activities	Total
2025-26 tax and special charge apportionment	\$ 8,562,352	\$ -	\$ 8,562,352
Deferred pension inflows	1,048,081	97,864	1,145,945
Deferred life insurance inflows	138,422	-	138,422
Deferred health insurance inflows	284,816	-	284,816
Deferred lease inflows	591,145	-	591,145
Total deferred inflows for government-wide statement of net position	<u>\$ 10,624,816</u>	<u>\$ 97,864</u>	<u>\$ 10,722,680</u>

	Governmental Activities	Business-Type Activities	Total
Deferred pension outflows	\$ 2,099,899	\$ 196,076	\$ 2,295,975
Deferred life insurance outflows	55,434	-	55,434
Deferred health insurance outflows	89,890	-	89,890
Total deferred outflows for government-wide statement of net position	<u>\$ 2,245,223</u>	<u>\$ 196,076</u>	<u>\$ 2,441,299</u>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**7. Inter-fund Transactions**

**A. Inter-fund Receivables and Payables**

The following are inter-fund advances as of December 31, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Advance</u>	<u>Purpose</u>
General Fund	Developer Chargebacks	\$ 42,434	Cash Flow Purposes
Total Advances Receivable per Governmental Balance Sheet		<u>42,434</u>	
Sewer Fund	Debt Service	38,345	Del-Hart Land Purchase
Sewer Fund	Capital Projects	105,276	2016 Capital Projects
Sewer Fund	Water	21,993	Del-Hart Land Purchase
Sewer Fund	Stormwater	<u>5,182</u>	Del-Hart Land Purchase
Total Advances Receivable per Proprietary Statement of Net Position		<u>170,796</u>	
Total Advances		213,230	
Less Interfund Eliminations		<u>(69,609)</u>	
Total Internal Balances per GW Statement of Net Position		<u>\$ 143,621</u>	

The General Fund advanced \$42,434 to the Developer Chargebacks Fund for cash flow purposes. It is anticipated that a portion of the advance will be repaid as receivables are collected.

The City purchased land in 2012 for \$328,997. The purchase was funded by the Sewer Utility but advances were set up from the Debt Service Fund for \$109,556, the Water Utility for \$62,838 and Stormwater Utility for \$14,805. The advances are set up for repayment to the Sewer Utility over 20 years with a 1.1677% interest rate. The current balances outstanding on these are \$38,345 for the Debt Service Fund, \$21,993 for the Water Utility and \$5,182 for the Stormwater Utility. Yearly principal payments are required plus interest. The yearly principal amounts are \$5,478 for Debt Service, \$3,142 for Water Utility and \$740 for Stormwater Utility. These amounts represent the current portion.

In 2015, the Sewer Fund advanced monies to the Capital Projects Fund to cover 2015 projects totaling \$1,488,620. The advance will be repaid over 10 years starting in 2016. The interest rate on the advance is 1.421%. This advance was paid off in 2025.

The Sewer Fund advanced monies to the Capital Projects Fund to cover 2016 projects totaling \$1,052,756. The advance will be repaid over 10 years starting in 2017. The interest rate on the advance is 1.369%. The current balance outstanding is \$105,276.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**7. Inter-fund Transactions (Continued)**

**A. Inter-fund Receivables and Payables (Continued)**

Advance repayment schedules excluding interest are as follows:

Year	Sewer Utility Advance to					
	Governmental Funds			Enterprise Funds		
	Debt Service Fund	Capital Projects	Total	Water Utility	Stormwater Utility	Total
2026	\$ 5,478	\$ 105,276	\$ 110,754	\$ 3,142	\$ 740	\$ 3,882
2027	5,478	-	5,478	3,142	740	3,882
2028	5,478	-	5,478	3,142	740	3,882
2029	5,478	-	5,478	3,142	740	3,882
2030	5,478	-	5,478	3,142	740	3,882
2031-2032	10,955	-	10,955	6,283	1,482	7,765
Total	\$ 38,345	\$ 105,276	\$ 143,621	\$ 21,993	\$ 5,182	\$ 27,175

No repayment schedule has been established for the advance from the General Fund to the Developer Chargebacks Fund.

**B. Transfers**

The following are inter-fund transfers for 2025:

From	To	Amount	Purpose
Water	General	\$ 70,866	Tax Equivalent
Sewer	General	406,663	Tax Equivalent
Delafield Promotion & Tourism Commission	General	10,000	Quality of Life Contribution
Debt Service	Capital Projects	259,135	Advance Payment
TIF #4	Debt Service	164,800	Debt Service
Capital Projects	Debt Service	142,025	Debt Service
Impact Fees	Debt Service	166,489	Debt Service
Delafield Promotion & Tourism Commission	Debt Service	134,263	Debt Service
TIF #4	General	50,623	TIF Close Out
Total Transfers In Governmental Funds		1,404,864	
Less Interfund Eliminations		(927,335)	
Transfers per Government Wide Statement of Activities		\$ 477,529	

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**8. Capital Assets**

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

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 5,321,291	\$ -	\$ -	\$ 5,321,291
Construction in process	859,752	1,089,241	870,922	1,078,071
<b>Total Non-Depreciable Capital Assets</b>	<b>6,181,043</b>	<b>1,089,241</b>	<b>870,922</b>	<b>6,399,362</b>
Capital Assets Being Depreciated:				
Buildings and improvements	11,280,426	67,183	-	11,347,609
Improvements other than buildings	2,024,041	-	-	2,024,041
Equipment	5,125,485	432,934	119,205	5,439,214
Infrastructure	51,268,083	1,540,339	-	52,808,422
<b>Total Capital Assets Being Depreciated</b>	<b>69,698,035</b>	<b>2,040,456</b>	<b>119,205</b>	<b>71,619,286</b>
<b>Total Capital Assets</b>	<b>75,879,078</b>	<b>3,129,697</b>	<b>990,127</b>	<b>78,018,648</b>
Less: Accumulated Depreciation	(47,534,472)	(1,332,622)	86,495	(48,780,599)
<b>Capital Assets Net of Depreciation</b>	<b>\$ 28,344,606</b>	<b>\$ 1,797,075</b>	<b>\$ 903,632</b>	<b>\$ 29,238,049</b>

Depreciation expense was charged to functions as follows:

General Government	\$ 157,303
Public Safety	229,803
Public Works	850,579
Health and Human Services	961
Culture, Recreation and Education	93,976
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 1,332,622</b>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**8. Capital Assets (Continued)**

Capital asset activity in the business-type activities as a whole and the water, sewer and stormwater funds for the year ended December 31, 2025, was as follows:

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
<b>Business-Type Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 1,412,581	\$ -	\$ -	\$ 1,412,581
Construction in process	49,785	485	50,270	-
Total Non-Depreciable Capital Assets	<u>1,462,366</u>	<u>485</u>	<u>50,270</u>	<u>1,412,581</u>
Capital Assets Being Depreciated:				
Structures and improvements	3,154,037	-	-	3,154,037
Equipment	4,652,315	149,161	21,923	4,779,553
Infrastructure	25,599,376	-	-	25,599,376
Total Capital Assets Being Depreciated	<u>33,405,728</u>	<u>149,161</u>	<u>21,923</u>	<u>33,532,966</u>
Total Capital Assets	34,868,094	149,646	72,193	34,945,547
Less: Accumulated Depreciation	(13,776,900)	(733,901)	(21,923)	(14,488,878)
Capital Assets Net of Depreciation	<u>\$ 21,091,194</u>	<u>\$ (584,255)</u>	<u>\$ 50,270</u>	<u>\$ 20,456,669</u>

Depreciation expense was charged to functions as follows:

Water Utility	\$ 258,289
Sewer Utility	425,169
Stormwater Utility	50,443
Total Business-Type Activities Depreciation Expense	<u>\$ 733,901</u>

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
<b>Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 392,439	\$ -	\$ -	\$ 392,439
Construction in process	19,914	194	20,108	-
Total Non-Depreciable Capital Assets	<u>412,353</u>	<u>194</u>	<u>20,108</u>	<u>392,439</u>
Capital Assets Being Depreciated:				
Structures and improvements	1,565,812	-	-	1,565,812
Equipment	1,400,481	30,998	2,976	1,428,503
Infrastructure	6,934,706	-	-	6,934,706
Total Capital Assets Being Depreciated	<u>9,900,999</u>	<u>30,998</u>	<u>2,976</u>	<u>9,929,021</u>
Total Capital Assets	10,313,352	31,192	23,084	10,321,460
Less: Accumulated Depreciation	(4,167,892)	(259,917)	(2,976)	(4,424,833)
Capital Assets Net of Depreciation	<u>\$ 6,145,460</u>	<u>\$ (228,725)</u>	<u>\$ 20,108</u>	<u>\$ 5,896,627</u>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**8. Capital Assets (Continued)**

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
<b>Sewer</b>				
Non-Depreciable Capital Assets:				
Land	\$ 193,737	\$ -	\$ -	\$ 193,737
Construction in process	19,914	194	20,108	-
Total Non-Depreciable Capital Assets	213,651	194	20,108	193,737
Capital Assets Being Depreciated:				
Structures and improvements	1,395,036	-	-	1,395,036
Equipment	3,103,330	105,065	17,501	3,190,894
Infrastructure	16,236,939	-	-	16,236,939
Total Capital Assets Being Depreciated	20,735,305	105,065	17,501	20,822,869
Total Capital Assets	20,948,956	105,259	37,609	21,016,606
Less: Accumulated Depreciation	(9,240,952)	(423,541)	(17,501)	(9,646,992)
Capital Assets Net of Depreciation	\$ 11,708,004	\$ (318,282)	\$ 20,108	\$ 11,369,614
	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
<b>Stormwater</b>				
Non-Depreciable Capital Assets:				
Land	\$ 826,405	\$ -	\$ -	\$ 826,405
Construction in process	9,957	97	10,054	-
Total Non-Depreciable Capital Assets	836,362	97	10,054	826,405
Capital Assets Being Depreciated:				
Structures and improvements	193,189	-	-	193,189
Equipment	148,504	13,098	1,446	160,156
Infrastructure	2,427,731	-	-	2,427,731
Total Capital Assets Being Depreciated	2,769,424	13,098	1,446	2,781,076
Total Capital Assets	3,605,786	13,195	11,500	3,607,481
Less: Accumulated Depreciation	(368,056)	(50,443)	(1,446)	(417,053)
Capital Assets Net of Depreciation	\$ 3,237,730	\$ (37,248)	\$ 10,054	\$ 3,190,428

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**9. Long-Term Obligations**

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

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25
<b>Governmental Activities:</b>				
General Obligation Bonds and Notes	\$ 12,735,000	\$ 1,750,000	\$ 2,030,000	\$ 12,455,000
Notes from Direct Borrowing	498,869	-	71,267	427,602
Unamortized Debt Premium	452,044	95,807	82,269	465,582
Compensated Absences*	879,794	87,403	-	967,197
Total Governmental Activities	<u>14,565,707</u>	<u>1,933,210</u>	<u>2,183,536</u>	<u>14,315,381</u>
<b>Business-Type Activities:</b>				
General Obligation Bonds and Notes	745,000	-	120,000	625,000
Unamortized Debt Premium	20,776	-	2,308	18,468
Total Business-Type Activities	<u>765,776</u>	<u>-</u>	<u>122,308</u>	<u>643,468</u>
Total Long-Term Debt	<u>\$ 15,331,483</u>	<u>\$ 1,933,210</u>	<u>\$ 2,305,844</u>	<u>\$ 14,958,849</u>

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

**A. General Obligation Debt**

**Governmental Activities**

Fund	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Interest Date	Amount Outstanding	Due Within One Year
General	\$ 3,550,000	6/8/2016	6/1/2029	2.00%	6/1, 12/1	\$ 1,330,000	\$ 335,000
General	4,955,000	12/28/2016	9/1/2028	3.00%	3/1, 9/1	1,635,000	535,000
General	1,335,000	7/11/2017	6/1/2027	2.50%	6/1, 12/1	300,000	150,000
General	1,135,000	6/21/2018	4/1/2028	2.00-2.85%	4/1, 10/1	385,000	125,000
General	2,350,000	6/26/2019	6/1/2029	2.00-3.00%	6/1, 12/1	1,000,000	240,000
General	1,855,000	7/23/2020	6/1/2030	2.25%	6/1, 12/1	1,020,000	205,000
TID	525,000	7/23/2020	6/1/2030	2.25%	6/1, 12/1	160,000	80,000
General	712,670	7/26/2021	2/1/2031	1.55%	2/1, 8/1	427,602	71,267
General	2,050,000	6/2/2022	4/1/2032	3.00-5.00%	4/1, 10/1	1,625,000	200,000
General	1,700,000	5/25/2023	4/1/2033	4.00%	4/1, 10/1	1,500,000	100,000
General	1,850,000	6/5/2024	4/1/2034	4.00-5.00%	4/1, 10/1	1,750,000	165,000
General	1,750,000	5/8/2025	4/1/2035	4.00-5.00%	4/1, 10/1	1,750,000	25,000
Total governmental general obligation debt						<u>\$ 12,882,602</u>	<u>\$ 2,231,267</u>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**9. Long-Term Obligations (Continued)**

**A. General Obligation Debt (Continued)**

**Business-type Activities**

Fund	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Interest Date	Amount Outstanding	Due Within One Year
Water	\$ 220,000	12/28/2016	9/1/2028	3.00%	3/1, 9/1	\$ 75,000	\$ 25,000
Sewer	490,000	12/28/2016	9/1/2028	3.00%	3/1, 9/1	165,000	55,000
Stormwater	55,000	12/28/2016	9/1/2028	3.00%	3/1, 9/1	15,000	5,000
Sewer	330,000	5/25/2023	4/1/2033	4.00%	4/1, 10/1	275,000	30,000
Stormwater	115,000	5/25/2023	4/1/2033	4.00%	4/1, 10/1	95,000	10,000
Total proprietary fund general obligation debt						<u>\$ 625,000</u>	<u>\$ 125,000</u>

**B. Maturities**

Debt service requirements to maturity including general obligation debt are as follows:

Years	Governmental Activities					
	General Obligation Debt			Notes from Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 2,160,000	\$ 436,697	\$ 2,596,697	\$ 71,267	\$ 6,076	\$ 77,343
2027	2,265,000	332,718	2,597,718	71,267	4,971	76,238
2028	2,215,000	259,566	2,474,566	71,267	3,866	75,133
2029	1,620,000	195,475	1,815,475	71,267	2,762	74,029
2030	1,065,000	146,900	1,211,900	71,267	1,657	72,924
2031-2035	3,130,000	241,513	3,371,513	71,267	552	71,819
Totals	<u>\$ 12,455,000</u>	<u>\$ 1,612,868</u>	<u>\$ 14,067,868</u>	<u>\$ 427,602</u>	<u>\$ 19,884</u>	<u>\$ 447,486</u>

Business-Type Activities			
Years	General Obligation Debt		
	Principal	Interest	Total
2026	\$ 125,000	\$ 20,375	\$ 145,375
2027	125,000	16,225	141,225
2028	125,000	12,075	137,075
2029	45,000	9,100	54,100
2030	45,000	7,300	52,300
2031-2033	160,000	9,800	169,800
Totals	<u>\$ 625,000</u>	<u>\$ 74,875</u>	<u>\$ 699,875</u>

The City's general obligation debt limit is equal to 5% of the City's total equalized value. The City's debt limit as of December 31, 2025, is \$133,369,205. Debt subject to the limit is \$13,507,602.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**9. Long-Term Obligations (Continued)**

**C. Lake Country Fire and Rescue Line of Credit**

Lake Country Fire and Rescue (“LCF&R”) has a \$250,000 line of credit. LCF&R, the City of Delafield, Village of Nashotah and the Village of Chenequa are co-borrowers on the line of credit. Per the original agreement in the event of a default, the outstanding debt would be allocated based on each community’s percentage interest in the capital assets of LCF&R. Those percentages are currently:

	Percent
City of Delafield	46.00%
Village of Nashotah	6.00%
Village of Chenequa	6.00%
Village of Wales	5.00%
Town of Genesee	13.00%
Town of Delafield	20.50%
Village of Oconomowoc Lake	3.50%
	100.00%

No draws have been made as of December 31, 2025.

**10. Employee Retirement Plans (Wisconsin Retirement System)**

**A. Plan Description**

The WRS is a cost-sharing, multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

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

**B. 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.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

**C. Benefits Provided**

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

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

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

The WRS also provides death and disability benefits for employees.

**D. Post-Retirement Adjustments**

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

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

**E. Contributions**

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

During the reporting period, the WRS recognized \$353,407 in contributions from the employer.

Contribution rates as of December 31, 2025, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General, Teachers, Executives and Elected Officials	6.95%	6.95%
Protective Occupation with Social Security	6.95%	14.95%
Protective Occupation without Social Security	6.95%	18.95%

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

At December 31, 2025, the City reported a liability of \$392,024 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.02385789%, which was an increase of 0.00029509% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of \$527,204.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,217,450	\$ (1,144,022)
Net differences between projected and actual earnings on pension plan investments	595,702	-
Changes in assumptions	116,321	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,466	(1,923)
Employer contributions subsequent to the measurement date	365,036	-
Total	\$ 2,295,975	\$ (1,145,945)

\$365,036 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2026	\$ 236,033
2027	812,953
2028	(201,253)
2029	(62,739)
Total	\$ 784,994

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

**G. Actuarial Assumptions**

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
	January 1, 2011 - December 31, 2023
Experience Study	Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

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

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

**H. Long-term Expected Return on Plan Assets**

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

Asset Allocation Targets and Expected Returns<sup>1</sup>  
As of December 31, 2024

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

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

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

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

**I. Single Discount Rate**

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**10. Employee Retirement Plans (Wisconsin Retirement System) (Continued)**

**J. Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 3,677,702	\$ 392,024	\$ (1,942,355)

**K. 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>.

**L. Allocation of Pension Plan**

Pension amounts are allocated between the Governmental Activities and Business-Type Activities based on the percentage of required contributions of each opinion unit.

**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan**

**A. 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 members.

**B. OPEB Plan Fiduciary Net Position**

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

**C. Benefits Provided**

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

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

Contribution rates as of December 31, 2025 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

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

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

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

During the reporting period, the LRLIF recognized \$962 in contributions from the employer.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

**E. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At December 31, 2025, the City reported a liability of \$179,076 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability (asset) was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the City’s proportion was 0.045773%, which was a decrease of 0.001086% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of \$9,999.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (18,630)
Net differences between projected and actual earnings on plan investments	2,459	-
Changes in actuarial assumptions	43,941	(100,440)
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,028	(19,352)
Employer contributions subsequent to the measurement date	1,006	-
Totals	<u>\$ 55,434</u>	<u>\$ (138,422)</u>

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

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

\$1,006 reported as deferred outflows related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2026	\$ (5,621)
2027	(15,475)
2028	(24,940)
2029	(23,572)
2030	(7,551)
Thereafter	(6,835)
Total	\$ (83,994)

**F. Actuarial Assumptions**

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

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

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

**G. Long-term Expected Return on Plan Assets**

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.41%
US Mortgages	Bloomberg US MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

**H. Single Discount Rate**

A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**11. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

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

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's proportionate share of the net OPEB liability (asset)	\$ 239,360	\$ 179,076	\$ 132,621

**12. Other Post-Employment Benefits – Group Health Insurance Plan**

**A. Plan Description**

The City has their health insurance through Employee Trust Fund (ETF). The ETF health plan allows all retirees who are eligible for WRS to choose to self-pay the full (100%) amount of premiums to remain on the City’s group health insurance plan indefinitely, provided they continue to pay all required premiums.

**B. Funding Policy**

The City funds the policy on a pay-as-you-go basis.

**C. Benefits Provided**

The Group Health Insurance plan was provided to all employees who are eligible for WRS upon their retirement.

**D. Employees Covered by Benefit Terms**

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	36
	39
	39

**E. Total OPEB Liability**

The City’s total group health insurance plan OPEB liability, reported as of December 31, 2025, of \$458,559 was measured at December 31, 2024, as was determined by an actuarial valuation as of December 31, 2023.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**12. Other Post-Employment Benefits – Group Health Insurance Plan (Continued)**

**F. Actuarial Assumptions and Other Inputs**

The total group health insurance plan OPEB liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Medical Care Trend	7.00% to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Discount Rate *	4.28%
Inflation	2.50%
Asset Valuation Method	Market Value
Average of Expected Remaining Service Lives	11 years
Mortality Assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

*\*The discount rate was based upon all years of projected payments discounted at a municipal bond rate of 4.28%.*

**G. Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at 12/31/2023	\$ 441,970
Changes for the year:	
Service cost	25,798
Interest	17,661
Changes of benefit terms	-
Differences between expected and actual experience	12,465
Changes of assumptions or other inputs	(12,630)
Benefit payments	<u>(26,705)</u>
Net Changes	<u>16,589</u>
Balance at 12/31/2024	<u>\$ 458,559</u>

There were no changes of benefit terms.

The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index as of the week of the measurement date (4.28%) in compliance with GASB 75. All other assumptions and methods remained unchanged from the actuarial valuation performed as of December 31, 2023.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**12. Other Post-Employment Benefits – Group Health Insurance Plan (Continued)**

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total group health insurance OPEB liability of the City, as well as what the City's total group health insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current discount rate:

	1% Decrease 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
Total OPEB Liability	\$ 505,196	\$ 458,559	\$ 416,262

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

The following represents the total group health insurance OPEB liability of the City, as well as what the City's total group health insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	\$ 406,999	\$ 458,559	\$ 520,140

**J. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended December 31, 2025, the City recognized an OPEB expense of \$16,358. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 11,332	\$ (150,114)
Changes of assumptions or other inputs	59,250	(134,702)
City contributions subsequent to the measurement date	19,308	-
Total	\$ 89,890	\$ (284,816)

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**12. Other Post-Employment Benefits – Group Health Insurance Plan (Continued)**

**J. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Continued)**

\$19,308 reported as deferred outflows related to OPEB resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2026	\$ (27,101)
2027	(27,101)
2028	(27,101)
2029	(27,101)
2030	(27,101)
Thereafter	(78,729)
	\$ (214,234)

**13. Fund Balance and Net Position**

The following is a summary of the net investment in capital assets and net position restrictions.

**Net Investment in Capital Assets**

	Governmental	Water	Sewer	Stormwater	Total Business-type
Capital assets	\$ 29,238,049	\$ 5,896,627	\$ 11,369,614	\$ 3,190,428	\$ 20,456,669
less current portion debt	(2,317,596)	(25,000)	(85,000)	(15,000)	(125,000)
less long-term debt	(11,030,588)	(50,000)	(368,711)	(99,757)	(518,468)
less advances for capital	(143,621)	(21,993)	-	(5,182)	(27,175)
plus unspent bond proceeds	1,855,209	-	-	-	-
plus debt reserve	81,070	-	-	-	-
Net Investment in Capital Assets	\$ 17,682,523	\$ 5,799,634	\$ 10,915,903	\$ 3,070,489	\$ 19,786,026

**Restricted Net Position**

	Governmental	Sewer	Total Business-type
Restricted for:			
Replacement fund	\$ -	\$ 55,727	\$ 55,727
Debt service	1,137,123	-	-
Library	355,532	-	-
Impact fees	144,680	-	-
Trees	54,041	-	-
Cemetery	158,789	-	-
	\$ 1,850,165	\$ 55,727	\$ 55,727

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

**13. Fund Balance and Net Position (Continued)**

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
<b>General Fund</b>						
Cemetery	\$ -	\$ 158,789	\$ -	\$ -	\$ -	\$ 158,789
Advances	-	-	-	31,618	-	31,618
Trees	-	-	-	31,277	-	31,277
Police	-	-	-	31,159	-	31,159
FD Tanker Truck	-	-	-	306,245	-	306,245
PCB Testing	-	-	-	17,414	-	17,414
Fire Fee	-	-	-	16,922	-	16,922
Prepays and inventories	11,035	-	-	-	-	11,035
Leases	62,660	-	-	-	-	62,660
Unassigned	-	-	-	-	3,575,473	3,575,473
Subtotal General Fund	73,695	158,789	-	434,635	3,575,473	4,242,592
<b>Debt Service Fund</b>						
Debt payments	-	1,137,123	-	-	-	1,137,123
Subtotal Debt Service Fund	-	1,137,123	-	-	-	1,137,123
<b>Capital Projects</b>						
Subtotal Capital Projects Fund	-	-	-	1,509,409	-	1,509,409
<b>Non-Major Funds</b>						
<b>Delafield Promotion &amp; Tourism Commission</b>						
Library	-	355,532	-	-	-	355,532
Impact Fees	-	144,680	-	-	-	144,680
Tree Developer	-	54,041	-	-	-	54,041
Developer Chargebacks (deficit)	-	-	-	-	(15,769)	(15,769)
Subtotal Non-Major Governmental Funds	-	554,253	353,510	-	(15,769)	891,994
<b>TOTAL</b>	<b>\$ 73,695</b>	<b>\$ 1,850,165</b>	<b>\$ 353,510</b>	<b>\$ 1,944,044</b>	<b>\$ 3,559,704</b>	<b>\$ 7,781,118</b>

The Chargeback Fund deficit is financed by short-term interfund loans from the General Fund.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
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**14. Joint Ventures**

**Delafield-Hartland Water Pollution Control Commission**

The Delafield-Hartland Water Pollution Control Commission (“Commission”) was created for the purpose of providing sewage collection, treatment and distribution services. The Commission was created in 1971 by ordinances adopted by the City of Delafield and the Village of Hartland. Each municipality appoints 4 members to the Commission. The Commission issues separate financial statements and copies can be obtained by writing to them.

The Commission has entered into service contracts with the City of Delafield and the Villages of Hartland and Nashotah to treat wastewater. The contract requires monthly user charges based on the number of Domestic User Equivalents (DUE's) connected to the system. The municipalities are also required to pay connection charges for new customers added to the system. The City of Delafield Sewer Utility accrued \$903,435 in user charges for the year ended December 31, 2025. The Sewer Fund has a liability of \$506,068 to the Commission related to connection fees. See Note 9 regarding City debt obligations related to the Commission.

**15. Fire Department**

The City of Delafield, the Village of Chenequa, the Village of Nashotah, the Village of Oconomowoc, the Village of Wales, the Town of Delafield, and the Town of Genesee established a joint municipal fire department, which is called the Lake Country Fire and Rescue Department (“LCF&R”). The LCF&R began operations in 2010 and now provides fire protection and rescue services for the seven communities. The communities share in the annual operation of the LCF&R based on a formula determined each year which includes population estimates, fire and EMS calls and equalized values of each municipality. Capital costs are based on predetermined percentages for the first 20 years. The City of Delafield’s portion of capital costs is 41%. The governing body is made up of 2 citizens from each community. Local representatives are appointed by the City Council, the Village Boards, and the Town Boards. The governing body has authority to adopt its own budget and control the financial affairs of the Department. The City made payments totaling \$1,809,029 to the LCF&R for 2025.

Financial information of the LCF&R as of December 31, 2025 is available directly from the LCF&R’s office. The transactions of the LCF&R are not reflected in these financial statements. The City accounts for its share of the operation in the General Fund. The City still owns the assets it had prior to the establishment of the LCF&R. The intent is for the LCF&R to own assets as they purchase them in the future. The City has an equity interest of approximately 55% in the LCF&R capital assets and 41.2% in all other assets. The City’s new policy is to incorporate a one-year lag in the value of the equity interest. The investment of \$2,179,041 is recorded in the government-wide statements as an asset.

**16. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**17. Blended Component Unit**

This report contains the City of Delafield Promotion & Tourism Commission which is included as a component unit. Financial information is presented as a blended component unit in the financial statements. The Promotion & Tourism Commission was created in 1998. In addition to the basic financial statements that apply, the following additional disclosures are provided.

**Cash and Investments**

At year-end, the carrying amount of the Commission's deposits was \$354,356 and the bank balance was blended with the City deposits.

**Promotional Revenues**

In 2025, the City collected a total of \$637,932 in room taxes. Out of this amount, the City retained \$242,152 and contributed \$395,780 to the Promotion & Tourism Commission.

**18. Commitments and Contingencies**

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

The City has a request for reimbursement of impact fees previously collected. The amount requested exceeds \$700,000 and was subject to the City's appeal process. The City denied the appeal and does not believe repayment is required. However, the ultimate outcome remains uncertain. Accordingly, no provision for liability has been included in the financial statements.

The City is currently involved in litigation related to fire protection fees that were put on the Statement of Taxes. The total amount of fire fees assessed on the Statement of Taxes over the past three years is \$5,327,148. As of the date of the financial statements, the outcome of this matter cannot be reasonably estimated, and accordingly, no liability has been recorded in the financial statements.

**19. American Rescue Plan Act (ARPA)**

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. Municipalities can spend the fund into the following four eligible use categories: replace lost public-sector revenue; support the COVID-19 public health and economic response; provide premium pay for eligible workers performing essential work; and invest in water, sewer, and broadband infrastructure.

In June 2021 and 2022, the City received \$394,391 and \$394,391 in Local Fiscal Recovery Funds from the American Rescue Plan Act, respectively. As of December 31, 2025, the City had spent all funds.

**CITY OF DELAFIELD**  
**Notes to Financial Statements**  
**December 31, 2025**

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**20. Subsequent Events**

In May 2026, the City Council approved the issuance and sale of not to exceed \$1,885,000 General Obligation Promissory Notes, Series 2026A to fund the City's 2026 capital projects. The specific capital projects to be financed with the proceeds have been approved and formally designated by the City Council.

**21. Effective of New Accounting Standards on Current Period Financial Statements**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Delafield**  
**Delafield, Wisconsin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (with Variances) - General Fund**

**For the Year Ended December 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 3,912,154	\$ 3,912,154	\$ 3,912,154	\$ -
Other Taxes	593,500	593,500	655,932	62,432
Intergovernmental	1,301,431	1,301,431	1,315,961	14,530
License and Permits	468,644	468,644	456,940	(11,704)
Fines, Forfeits and Penalties	92,000	92,000	63,781	(28,219)
Public Charges for Services	1,890,660	1,890,660	1,885,320	(5,340)
Intergovernmental Charges for Services	11,000	11,000	12,441	1,441
Interest Income (Loss)	97,755	97,755	282,916	185,161
Miscellaneous Income	73,144	73,144	161,616	88,472
Total Revenues	<u>8,440,288</u>	<u>8,440,288</u>	<u>8,747,061</u>	<u>306,773</u>
<b>EXPENDITURES</b>				
Current:				
General Government	790,073	790,073	775,779	14,294
Public Safety	5,245,710	5,245,710	5,095,622	150,088
Public Works	1,642,040	1,642,040	1,624,064	17,976
Health and Human Services	14,933	14,933	14,031	902
Culture, Recreation and Education	244,011	244,011	225,524	18,487
Conservation and Development	520,471	520,471	535,537	(15,066)
Capital Outlay	-	-	53,049	(53,049)
Total Expenditures	<u>8,457,238</u>	<u>8,457,238</u>	<u>8,323,606</u>	<u>133,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,950)</u>	<u>(16,950)</u>	<u>423,455</u>	<u>440,405</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	18,000	18,000	27,252	9,252
Transfers In	278,216	278,216	538,152	259,936
Total Other Financing Sources (Uses)	<u>296,216</u>	<u>296,216</u>	<u>565,404</u>	<u>269,188</u>
Net Change in Fund Balances	279,266	279,266	988,859	709,593
Fund Balance - Beginning of year	3,253,733	3,253,733	3,253,733	-
Fund Balance - End of year	<u>\$ 3,532,999</u>	<u>\$ 3,532,999</u>	<u>\$ 4,242,592</u>	<u>\$ 709,593</u>

See accompanying notes to required supplementary information.

**City of Delafield**  
**Wisconsin Retirement System Schedules**  
**December 31, 2025**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**AS OF THE MEASUREMENT DATE**  
Last 10 Fiscal Years

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.02385789%	\$ 392,024	\$ 3,445,103	11.38%	98.79%
2023	0.02356280%	350,333	3,209,805	10.91%	98.85%
2022	0.02366398%	1,253,647	3,093,162	40.53%	95.72%
2021	0.02362423%	(1,904,156)	2,991,061	(63.66%)	106.02%
2020	0.02368271%	(1,478,544)	2,972,353	(49.74%)	105.26%
2019	0.02338421%	(754,013)	2,951,569	(25.55%)	102.96%
2018	0.02257525%	803,156	2,822,002	28.46%	96.45%
2017	0.02165304%	(642,902)	2,721,121	(23.63%)	102.93%
2016	0.02128337%	175,424	2,571,977	6.82%	99.12%
2015	0.02147595%	348,980	2,490,350	14.01%	98.20%
2014	0.02201773%	(540,667)	2,583,288	(20.93%)	102.74%

**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED**  
Last 10 Fiscal Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 365,036	\$ (365,036)	\$ -	\$ 3,442,185	10.60%
2024	353,720	(353,720)	-	3,445,103	10.27%
2023	312,495	(312,495)	-	3,209,805	9.74%
2022	280,805	(280,805)	-	3,093,162	9.08%
2021	272,121	(272,121)	-	2,991,061	9.10%
2020	271,293	(271,293)	-	2,972,353	9.13%
2019	240,949	(240,949)	-	2,951,569	8.16%
2018	243,931	(243,931)	-	2,822,002	8.64%
2017	235,570	(235,570)	-	2,721,121	8.66%
2016	202,934	(202,934)	-	2,571,977	7.89%
2015	200,785	(200,785)	-	2,490,350	8.06%

See accompanying notes to required supplementary information.

**City of Delafield**  
**Local Retiree Life Insurance Fund Schedules**  
**December 31, 2025**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**AS OF THE MEASUREMENT DATE**  
Last 10 Fiscal Years

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Collective net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2024	0.04577300%	\$ 179,076	\$ 3,126,000	5.73%	37.20%
2023	0.04685900%	215,582	2,872,000	7.51%	33.90%
2022	0.04980100%	189,733	2,736,000	6.93%	38.81%
2021	0.05071200%	299,727	2,847,000	10.53%	29.57%
2020	0.05168400%	284,299	2,840,000	10.01%	31.36%
2019	0.04504400%	191,806	2,796,000	6.86%	37.58%
2018	0.04131000%	106,594	2,660,000	4.01%	48.69%
2017	0.04102600%	123,430	1,725,261	7.15%	44.81%

**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED**  
Last 10 Fiscal Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 1,006	\$ (1,006)	\$ -	\$ 3,090,000	0.03%
2024	858	(858)	-	3,126,000	0.03%
2023	954	(954)	-	2,872,000	0.03%
2022	2,086	(2,086)	-	2,736,000	0.08%
2021	977	(977)	-	2,847,000	0.03%
2020	1,042	(1,042)	-	2,840,000	0.04%
2019	4,567	(4,567)	-	2,796,000	0.16%
2018	4,049	(4,049)	-	2,660,000	0.15%

See accompanying notes to required supplementary information.

CITY OF DELAFIELD

SCHEDULE OF CHANGES IN THE CITY'S TOTAL GROUP HEALTH INSURANCE PLAN OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability	\$ 25,798	\$ 24,183	\$ 35,426	\$ 39,099	\$ 34,830	\$ 33,089	\$ 34,976	\$ 34,976
Service costs	17,661	17,029	9,429	15,097	16,807	23,885	20,419	19,183
Interest	-	-	-	-	-	-	-	-
Changes of benefit terms	12,465	(5,657)	(65)	(169,889)	-	(70,784)	-	-
Difference between expected and actual experience	(12,630)	29,477	(93,348)	(64,629)	27,079	44,802	(24,299)	-
Changes of assumptions or other inputs	(26,705)	(23,326)	(9,850)	(24,854)	(17,237)	(18,383)	(14,524)	(23,109)
Benefit payments	16,589	41,706	(58,408)	(205,176)	61,479	12,609	16,572	31,050
Net change in total OPEB	441,970	400,264	458,672	663,848	602,369	589,760	573,188	542,138
Total Retiree Health Insurance Plan OPEB Liability-Beginning	\$ 458,559	\$ 441,970	\$ 400,264	\$ 458,672	\$ 663,848	\$ 602,369	\$ 589,760	\$ 573,188
Total Retiree Health Insurance Plan OPEB Liability-Ending	\$ 3,023,044	\$ 3,023,044	\$ 2,907,648	\$ 2,907,648	\$ 2,796,135	\$ 2,796,135	\$ 2,665,507	\$ 2,665,507
Covered Employee Payroll								
Total OPEB Liability as a percentage of covered-employee payroll	15.17%	14.62%	13.77%	15.77%	23.74%	21.54%	22.13%	21.50%

Data presented as of the measurement date.

See accompanying notes to required supplementary information.

**CITY OF DELAFIELD**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2025**

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**1. Notes to Budgetary Comparison Schedule**

**A. Basis of Accounting**

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 1 (G) in the notes to the financial statements for more information on the City's budgetary information.

**B. Excess of Actual Expenditures over Budget in General Fund**

The City controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report. Conservation and Development exceeded their budget by more than \$5,000 for the year ended December 31, 2025.

	Excess Expenditures
Conservation and Development	\$ 15,066

**2. Notes to Wisconsin Retirement System Schedules**

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

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

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

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

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

**CITY OF DELAFIELD**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2025**

**2. Notes to Wisconsin Retirement System Schedules (Continued)**

<b>Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Valuation Date:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
<b>Actuarial Assumptions</b>					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.4%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.0%
Seniority/Merit:	0.1%-5.7%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.7%	1.9%	1.9%	1.9%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).
*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.					

**CITY OF DELAFIELD**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2025**

**2. Notes to Wisconsin Retirement System Schedules (Continued)**

<b>Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Valuation Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
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)
<b>Actuarial Assumptions</b>					
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 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality
*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.					

**CITY OF DELAFIELD**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2025**

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**3. Notes to Local Retiree Life Insurance Schedules**

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

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

*Changes of Assumptions:* In addition to the rate changes detailed in the tables at Note 11 to the financial statements, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

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

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

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

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

**4. Notes to Group Health Insurance Plan Schedules**

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

*Changes of Benefit Terms:* There were no changes of benefit terms in Group Health Insurance Plan.

*Changes of Assumptions:* The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index as of the week of the measurement date (4.28%) in compliance with GASB 75. All other assumptions remained unchanged from the actuarial valuation performed as of December 31, 2023.

## **OTHER SUPPLEMENTARY INFORMATION**

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,551,175	\$ 1,551,175
Receivables:		
Taxes	312,969	312,969
Accounts	16,319	16,319
Total Assets	\$ 1,928,996	\$ 1,928,996
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALAN</b>		
Liabilities:		
Accounts Payable	\$ 36,229	\$ 36,229
Accrued Liabilities	399,174	399,174
Due to Other Funds	42,434	42,434
Unearned Revenue	5,950	5,950
Total Liabilities	483,787	483,787
Deferred Inflows of Resources:		
Deferred Inflows	553,215	553,215
Fund Balances (Deficit):		
Restricted	554,253	554,253
Committed	353,510	353,510
Unassigned (Deficit)	(15,769)	(15,769)
Total Fund Balances (Deficit)	891,994	891,994
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,928,996	\$ 1,928,996

**City of Delafield  
Delafield, Wisconsin**

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

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Projects Fund  TIF #4</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ 489,966	\$ 124,970	\$ 614,936
Intergovernmental	479,666	13	479,679
License and Permits	135,122	-	135,122
Public Charges for Services	220,041	-	220,041
Interest and Investment Income (Loss)	52,475	30,137	82,612
Miscellaneous Income	400,895	-	400,895
Total Revenues	<u>1,778,165</u>	<u>155,120</u>	<u>1,933,285</u>
<b>EXPENDITURES</b>			
Current:			
General Government	47,605	4,500	52,105
Public Works	2,546	-	2,546
Culture, Recreation and Education	991,636	-	991,636
Conservation and Development	463,737	111,762	575,499
Debt Service:			
Principal Repayment	-	75,000	75,000
Interest Expense	-	5,550	5,550
Total Expenditures	<u>1,505,524</u>	<u>196,812</u>	<u>1,702,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>272,641</u>	<u>(41,692)</u>	<u>230,949</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(310,752)</u>	<u>(215,423)</u>	<u>(526,175)</u>
Total Other Financing Sources (Uses)	<u>(310,752)</u>	<u>(215,423)</u>	<u>(526,175)</u>
Net Change in Fund Balances	(38,111)	(257,115)	(295,226)
Fund Balances - Beginning of Year	<u>930,105</u>	<u>257,115</u>	<u>1,187,220</u>
Fund Balances - End of Year	<u>\$ 891,994</u>	<u>\$ -</u>	<u>\$ 891,994</u>

**City of Delafield  
Delafield, Wisconsin**

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

	Subdivider's Deposits	Delafield Promotion & Tourism Commission	Developer Chargebacks	Library Fund	Impact Fees Fund	Tree Developer	Non-Major Special Revenue Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 392,834	\$ 354,356	\$ -	\$ 605,264	\$ 144,680	\$ 54,041	\$ 1,551,175
Receivables:							
Taxes	-	-	-	312,969	-	-	312,969
Accounts	-	-	16,319	-	-	-	16,319
Other	-	-	48,533	-	-	-	48,533
Total Assets	<u>\$ 392,834</u>	<u>\$ 354,356</u>	<u>\$ 64,852</u>	<u>\$ 918,233</u>	<u>\$ 144,680</u>	<u>\$ 54,041</u>	<u>\$ 1,928,996</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Liabilities:							
Accounts Payable	\$ -	\$ 501	\$ 16,532	\$ 19,196	\$ -	\$ -	\$ 36,229
Accrued Liabilities	392,834	345	-	5,995	-	-	399,174
Due to Other Funds	-	-	42,434	-	-	-	42,434
Unearned Revenue	-	-	5,950	-	-	-	5,950
Total Liabilities	<u>392,834</u>	<u>846</u>	<u>64,916</u>	<u>25,191</u>	<u>-</u>	<u>-</u>	<u>483,787</u>
Deferred Inflows of Resources:							
Deferred Inflows	-	-	15,705	537,510	-	-	553,215
Fund Balances (Deficit):							
Restricted	-	-	-	355,532	144,680	54,041	554,253
Committed	-	353,510	-	-	-	-	353,510
Unassigned (Deficit)	-	-	(15,769)	-	-	-	(15,769)
Total Fund Balances (Deficit)	<u>-</u>	<u>353,510</u>	<u>(15,769)</u>	<u>355,532</u>	<u>144,680</u>	<u>54,041</u>	<u>891,994</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 392,834</u>	<u>\$ 354,356</u>	<u>\$ 64,852</u>	<u>\$ 918,233</u>	<u>\$ 144,680</u>	<u>\$ 54,041</u>	<u>\$ 1,928,996</u>

City of Delafield  
Delafield, Wisconsin

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

	Delafield Promotion & Tourism Commission	Developer Chargebacks	Library Fund	Impact Fees Fund	Tree Developer	Non-Major Special Revenue Funds
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ 489,966	\$ -	\$ -	\$ 489,966
Intergovernmental	-	-	479,666	-	-	479,666
License and Permits	-	-	-	135,122	-	135,122
Public Charges for Services	-	203,204	16,837	-	-	220,041
Interest and Investment Income (Loss)	9,091	1,079	32,747	9,558	-	52,475
Miscellaneous Income	395,780	-	5,115	-	-	400,895
Total Revenues	<u>404,871</u>	<u>204,283</u>	<u>1,024,331</u>	<u>144,680</u>	<u>-</u>	<u>1,778,165</u>
<b>EXPENDITURES</b>						
Current:						
General Government	-	47,605	-	-	-	47,605
Public Works	-	-	-	-	2,546	2,546
Culture, Recreation and Education	-	-	991,636	-	-	991,636
Conservation and Development	314,006	149,731	-	-	-	463,737
Total Expenditures	<u>314,006</u>	<u>197,336</u>	<u>991,636</u>	<u>-</u>	<u>2,546</u>	<u>1,505,524</u>
Excess (Deficiency) of Revenues Over Expenditures	90,865	6,947	32,695	144,680	(2,546)	272,641
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	(144,263)	-	-	(166,489)	-	(310,752)
Total Other Financing Sources (Uses)	<u>(144,263)</u>	<u>-</u>	<u>-</u>	<u>(166,489)</u>	<u>-</u>	<u>(310,752)</u>
Net Change in Fund Balances (Deficit)	(53,398)	6,947	32,695	(21,809)	(2,546)	(38,111)
Fund Balances (Deficit) - Beginning of Year	406,908	(22,716)	322,837	166,489	56,587	930,105
Fund Balances (Deficit) - End of Year	<u>\$ 353,510</u>	<u>\$ (15,769)</u>	<u>\$ 355,532</u>	<u>\$ 144,680</u>	<u>\$ 54,041</u>	<u>\$ 891,994</u>

## **OTHER FINANCIAL INFORMATION**

**CITY OF DELAFIELD**  
**SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**2016-2025**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 6,557,950	\$ 6,635,245	\$ 6,620,597	\$ 6,701,713	\$ 6,726,480	\$ 7,350,583	\$ 7,418,987	\$ 7,690,792	\$ 7,333,872	\$ 7,480,500
Inter govt revenues	1,042,137	1,232,648	1,040,077	1,021,793	1,610,280	1,144,560	1,383,214	1,402,345	1,688,976	1,952,081
Reg & compl revenues	510,282	481,495	478,257	517,243	341,220	391,346	591,197	607,464	830,361	655,843
Public charges for services	315,461	329,057	306,592	364,600	249,409	335,211	489,635	683,399	2,330,056	2,117,802
Special assessments	16,761	17,069	17,383	667,703	84,287	75,587	77,699	79,872	241,195	31,109
Interest	41,013	63,169	63,690	150,341	79,168	2,288	(65,621)	352,182	654,491	465,590
Misc revenues	378,171	309,726	319,942	424,528	183,694	526,762	456,975	455,683	461,199	567,641
<b>Total Revenues</b>	<b>8,861,775</b>	<b>9,068,409</b>	<b>8,846,538</b>	<b>9,847,921</b>	<b>9,274,538</b>	<b>9,826,337</b>	<b>10,352,086</b>	<b>11,271,737</b>	<b>13,540,150</b>	<b>13,270,566</b>
<b>Expenditures</b>										
General government	786,874	796,433	768,285	754,706	753,804	693,249	813,322	804,891	799,852	827,884
Public safety	3,167,355	3,373,466	3,502,370	3,601,234	3,727,477	3,650,206	3,947,094	4,139,216	4,966,761	5,095,622
Public works	1,354,250	1,444,302	1,434,059	1,541,594	1,465,855	1,466,986	1,486,410	1,426,346	1,611,507	1,626,610
Health & human services	11,919	10,696	8,689	12,069	14,956	12,146	10,300	11,980	7,537	14,031
Culture, recreation and education	947,774	883,881	921,741	928,898	916,984	943,895	1,026,081	1,096,733	1,143,382	1,217,160
Conservation & development	443,544	513,770	589,208	603,572	408,953	712,190	890,747	1,024,854	964,543	1,111,036
Capital outlay	919,194	1,578,258	2,070,921	2,222,967	1,261,488	785,871	1,190,126	1,456,433	2,145,358	1,932,896
Principal retirement	1,418,984	1,598,541	1,503,541	1,839,541	2,863,541	1,788,540	1,696,309	1,836,267	2,011,267	2,101,267
Interest & fiscal charges	640,337	366,240	456,568	452,913	478,954	375,149	389,442	454,155	483,273	508,671
<b>Total Expenditures</b>	<b>9,690,231</b>	<b>10,565,587</b>	<b>11,255,382</b>	<b>11,957,494</b>	<b>11,892,012</b>	<b>10,428,232</b>	<b>11,449,831</b>	<b>12,250,875</b>	<b>14,133,480</b>	<b>14,435,177</b>
Excess (deficiency) of revenues over expenditures	(828,456)	(1,497,178)	(2,408,844)	(2,109,573)	(2,617,474)	(601,895)	(1,097,745)	(979,138)	(593,330)	(1,164,611)
<b>Other financing Sources (Uses)</b>										
Proceeds from sale of capital assets	35,850	77,988	27,648	40,077	74,000	79,194	67,578	17,652	97,163	27,252
Payment on refunded debt	(8,616,215)	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	8,505,000	1,335,000	1,446,000	2,350,000	2,380,000	712,670	2,050,000	1,700,000	1,850,000	1,750,000
Bond issuance premium	292,740	9,389	-	104,216	155,170	-	127,913	94,851	92,914	95,806
Operating transfers in	139,261	519,726	539,882	544,998	1,353,668	601,668	723,624	791,158	731,664	1,404,864
Operating transfer out	(126,866)	(315,288)	(403,541)	(424,797)	(1,236,417)	(484,824)	(611,772)	(690,776)	(640,101)	(927,335)
Total Other Financing Sources (Uses)	229,770	1,626,815	1,609,989	2,614,494	2,726,421	908,708	2,357,343	1,912,885	2,131,640	2,350,587
Excess (deficiencies) of revenues and other financing sources over expenditures and other uses	(598,686)	129,637	(798,855)	504,921	108,947	306,813	1,259,598	933,747	1,538,310	1,185,976
Fund balance-beg of year	3,210,710	2,612,024	2,741,661	1,942,806	2,447,727	2,556,674	2,863,487	4,123,085	5,056,832	6,595,142
Fund balance-end of year	\$ 2,612,024	\$ 2,741,661	\$ 1,942,806	\$ 2,447,727	\$ 2,556,674	\$ 2,863,487	\$ 4,123,085	\$ 5,056,832	\$ 6,595,142	\$ 7,781,118

CITY OF DELAFIELD  
**COMBINED SUMMARY OF PROPRIETARY FUNDS OPERATING STATEMENTS**  
 2016-2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating Revenues</b>										
Water charges	\$ 764,147	\$ 786,053	\$ 791,452	\$ 792,117	\$ 788,960	\$ 817,393	\$ 835,390	\$ 939,053	\$ 964,259	\$ 978,588
Sewer charges	1,350,824	1,378,527	1,405,993	1,417,583	1,370,744	1,443,407	1,453,061	1,490,360	1,652,128	1,816,662
Stormwater charges	163,045	163,608	162,606	155,739	153,024	152,176	152,813	152,688	153,375	150,998
<b>Total Revenues</b>	<b>2,278,016</b>	<b>2,328,188</b>	<b>2,360,051</b>	<b>2,365,439</b>	<b>2,312,728</b>	<b>2,412,976</b>	<b>2,441,264</b>	<b>2,582,101</b>	<b>2,769,762</b>	<b>2,946,248</b>
<b>Operating Expenses</b>										
<b>Water</b>										
Operation & maint	274,739	283,482	281,036	328,244	283,623	290,875	301,496	386,113	408,644	426,080
Depreciation	198,670	199,803	201,917	204,486	208,332	210,175	214,411	218,645	253,592	258,289
Taxes	-	-	-	-	-	-	-	-	-	10,455
Sub-total water exp	473,409	483,285	482,953	532,730	491,955	501,050	515,907	604,758	662,236	694,824
<b>Sewer</b>										
Operation & maint	1,158,187	1,202,758	1,200,890	1,263,845	1,182,346	1,233,940	1,253,040	1,264,671	1,294,391	1,495,231
Depreciation	356,437	360,458	365,399	367,068	369,250	371,870	374,724	391,879	414,338	425,169
Sub-total sewer exp	1,514,624	1,563,216	1,566,289	1,630,913	1,551,596	1,605,810	1,627,764	1,656,550	1,708,729	1,920,400
<b>Stormwater</b>										
Operation & maint	57,108	58,859	69,611	73,967	82,207	68,046	37,926	49,207	76,373	66,513
Depreciation	19,493	19,761	20,187	20,742	22,557	24,069	24,721	29,963	42,249	50,443
Sub-total stormwater	76,601	78,620	89,798	94,709	104,764	92,115	62,647	79,170	118,622	116,956
<b>Total Operating Expenses</b>	<b>2,064,634</b>	<b>2,125,121</b>	<b>2,139,040</b>	<b>2,258,352</b>	<b>2,148,315</b>	<b>2,198,975</b>	<b>2,206,318</b>	<b>2,340,478</b>	<b>2,489,587</b>	<b>2,732,180</b>
<b>Operating Income (Loss)</b>										
Water	290,738	302,768	308,499	259,387	297,005	316,343	319,483	334,295	302,023	283,764
Sewer	(163,800)	(184,689)	(160,296)	(213,330)	(180,852)	(162,403)	(174,703)	(166,190)	(56,601)	(103,738)
Stormwater	86,444	84,988	72,808	61,030	48,260	60,061	90,166	73,518	34,753	34,042
<b>Total Operating Income</b>	<b>213,382</b>	<b>203,067</b>	<b>221,011</b>	<b>107,087</b>	<b>164,413</b>	<b>214,001</b>	<b>234,946</b>	<b>241,623</b>	<b>280,175</b>	<b>214,068</b>
<b>Non-Op Revenues (Expenses)</b>										
Interest & dividend income	126,822	130,973	155,880	224,579	197,056	31,566	(162,229)	527,533	447,462	601,380
Misc non-operating revenue	72,268	4,429	4,429	4,429	4,429	4,429	4,429	4,429	2,309	2,309
Interest expense	(123,837)	(95,357)	(81,650)	(66,113)	(56,840)	(38,681)	(28,353)	(41,058)	(36,113)	(22,926)
Misc non-operating expense	-	-	-	-	-	(10,209)	(10,671)	(11,740)	(16,069)	(15,123)
Total Non-Op Rev (Exp)	75,253	40,045	78,659	162,895	144,645	(12,895)	(196,824)	479,164	397,589	565,640
<b>Net Income</b>	<b>288,635</b>	<b>243,112</b>	<b>299,670</b>	<b>269,982</b>	<b>309,058</b>	<b>201,106</b>	<b>38,122</b>	<b>720,787</b>	<b>677,764</b>	<b>779,708</b>
<b>Capital Contributions</b>										
Gain (Loss) on Sale of Assets	111,408	26,961	47,326	187,176	21,935	104,843	974,956	2,551,685	251,676	235,126
Transfer In (Out)	-	720	-	21,250	-	-	-	-	-	-
(12,395)	(178,886)	(136,341)	(120,201)	(117,251)	(111,852)	(111,852)	(111,852)	(100,382)	(91,563)	(477,529)
Increase in retained earnings	387,648	91,907	210,655	358,207	213,742	189,105	901,226	3,172,090	837,877	537,305
Retained earnings - beginning, as previously reported	25,351,338	25,738,986	25,830,893	25,947,969	26,306,176	26,519,918	26,709,023	27,610,249	30,782,339	31,885,560
Prior Period Adjustment-GASB 75	-	-	(93,579)	-	-	-	-	-	-	-
Prior Period Adjustment-Error Correction	-	-	-	-	-	-	-	-	-	-
Retained earnings - beg of year, restated	25,351,338	25,738,986	25,737,314	25,947,969	26,306,176	26,519,918	26,709,023	27,610,249	31,047,683	31,885,560
Retained earnings - end of year	\$ 25,738,986	\$ 25,830,893	\$ 25,947,969	\$ 26,306,176	\$ 26,519,918	\$ 26,709,023	\$ 27,610,249	\$ 30,782,339	\$ 31,885,560	\$ 32,422,865

**CITY OF DELAFIELD  
ASSESSED PROPERTY VALUES  
2016-2025**

Year	Parcel Count		Assessed Land Value	Assessed Improvement Value	Total Assessed Value	% Change from Prior Year	Difference
	Land	Improvements					
<b>Residential</b>							
2025	2,637	2,437	680,877,800	1,281,456,500	1,962,334,300	38.94%	549,974,700
2024	2,571	2,388	515,623,200	896,736,400	1,412,359,600	1.67%	23,222,600
2023	2,548	2,346	509,668,500	879,468,500	1,389,137,000	1.91%	26,077,700
2022	2,506	2,346	499,240,700	863,818,600	1,363,059,300	31.29%	324,815,100
2021	2,487	2,344	403,939,400	634,304,800	1,038,244,200	1.05%	10,833,100
2020	2,483	2,335	402,244,600	625,166,500	1,027,411,100	1.15%	11,695,400
2019	2,483	2,328	402,185,000	613,530,700	1,015,715,700	0.99%	9,914,500
2018	2,484	2,322	402,180,900	603,620,300	1,005,801,200	1.40%	13,896,200
2017	2,487	2,311	400,404,800	591,500,200	991,905,000	0.74%	7,314,200
2016	2,485	2,300	401,314,000	583,276,800	984,590,800	--	--
<b>Commercial</b>							
2025	253	224	162,421,600	423,709,700	586,131,300	34.70%	150,986,500
2024	253	224	124,167,300	310,977,500	435,144,800	2.56%	10,862,200
2023	254	225	126,374,600	297,908,000	424,282,600	1.21%	5,090,300
2022	255	224	126,374,500	292,817,800	419,192,300	16.93%	60,678,800
2021	254	222	102,901,100	255,612,400	358,513,500	0.54%	1,928,800
2020	256	222	102,938,600	253,646,100	356,584,700	0.12%	414,200
2019	256	219	103,319,500	252,851,000	356,170,500	-0.64%	(2,301,300)
2018	258	222	103,037,300	255,434,500	358,471,800	1.03%	3,658,300
2017	258	221	102,854,400	251,959,100	354,813,500	1.86%	6,491,800
2016	259	208	102,950,400	245,371,300	348,321,700	--	--
<b>Manufacturing</b>							
2025	7	7	2,521,200	14,215,000	16,736,200	63.68%	6,511,000
2024	7	7	1,803,000	8,422,200	10,225,200	-2.26%	(236,300)
2023	7	7	1,834,200	8,627,300	10,461,500	-5.71%	(633,500)
2022	7	7	1,875,400	9,219,600	11,095,000	-3.16%	(361,900)
2021	8	8	2,005,200	9,451,700	11,456,900	1.79%	201,200
2020	8	8	1,956,000	9,299,700	11,255,700	34.61%	2,894,000
2019	7	7	1,548,400	6,813,300	8,361,700	9.36%	715,500
2018	6	6	1,399,900	6,246,300	7,646,200	-2.35%	(183,900)
2017	6	6	1,433,500	6,396,600	7,830,100	-2.91%	(235,000)
2016	6	6	1,476,500	6,588,600	8,065,100	--	--
<b>Agriculture</b>							
2025	33	0	342,400	0	342,400	5.61%	18,200
2024	32	0	324,200	0	324,200	11.56%	33,600
2023	32	0	290,600	0	290,600	6.10%	16,700
2022	35	0	273,900	0	273,900	18.78%	43,300
2021	34	0	230,600	0	230,600	-11.75%	(30,700)
2020	34	0	261,300	0	261,300	4.15%	10,400
2019	34	0	250,900	0	250,900	2.95%	7,200
2018	30	0	243,700	0	243,700	2.05%	4,900
2017	31	0	238,800	0	238,800	5.57%	12,600
2016	31	0	226,200	0	226,200	--	--
<b>Undeveloped</b>							
2025	16	0	261,700	0	261,700	14.08%	32,300
2024	16	0	229,400	0	229,400	-7.83%	(19,500)
2023	17	0	248,900	0	248,900	0.00%	-
2022	17	0	248,900	0	248,900	25.83%	51,100
2021	18	0	197,800	0	197,800	-9.56%	(20,900)
2020	18	0	218,700	0	218,700	0.00%	-
2019	18	0	218,700	0	218,700	10.62%	21,000
2018	17	0	197,700	0	197,700	0.00%	-
2017	17	0	197,700	0	197,700	6.92%	12,800
2016	14	0	184,900	0	184,900	--	--
<b>Other - Class 7</b>							
2025	7	7	952,900	1,753,600	2,706,500	23.49%	514,900
2024	7	7	732,800	1,458,800	2,191,600	0.00%	-
2023	7	7	732,800	1,458,800	2,191,600	-0.70%	(15,400)
2022	7	7	732,800	1,474,200	2,207,000	35.36%	576,500
2021	8	8	635,500	995,000	1,630,500	0.00%	-
2020	8	8	635,500	995,000	1,630,500	0.00%	-
2019	8	8	635,500	995,000	1,630,500	-1.12%	(18,400)
2018	8	7	647,900	1,001,000	1,648,900	0.00%	-
2017	8	7	647,900	1,001,000	1,648,900	12.10%	178,000
2016	7	6	519,400	951,500	1,470,900	--	--
<b>Personal Property</b>							
2025	-	-	-	-	-	--	--
2024	-	-	-	-	-	-100.00%	(22,651,200)
2023	-	450	-	-	22,651,200	8.03%	1,684,200
2022	-	454	-	-	20,967,000	10.16%	1,933,900
2021	-	433	-	-	19,033,100	-16.71%	(3,817,700)
2020	-	406	-	-	22,850,800	6.96%	1,487,500
2019	-	380	-	-	21,363,300	4.76%	970,000
2018	-	408	-	-	20,393,300	-24.62%	(6,661,300)
2017	-	451	-	-	27,054,600	7.83%	1,963,700
2016	-	473	-	-	25,090,900	--	--

**CITY OF DELAFIELD  
PROPERTY TAX LEVIES AND COLLECTIONS  
2016-2025**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>TAXES LEVIED</b>										
State of Wisconsin	\$ 230,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Waukesha County	2,696,825	2,746,164	2,745,193	2,811,994	2,920,028	2,952,144	2,952,723	3,193,010	3,276,802	3,379,411
City of Delafield	6,030,816	5,999,587	6,115,399	6,288,348	6,624,615	6,668,080	7,007,106	6,569,265	6,999,598	6,704,302
Tax Increment District	88,270	90,095	96,290	104,700	116,914	121,810	85,428	131,291	124,970	-
School Districts										
Kettle Moraine	9,728,219	9,870,095	10,030,797	10,309,050	10,833,260	10,890,779	10,401,442	11,257,988	11,586,247	12,263,695
Lake Country	1,610,318	1,486,973	1,530,237	1,532,149	1,550,884	1,565,676	1,620,407	1,690,322	2,277,780	2,465,593
Oconomowoc Area	396,416	417,825	436,664	460,782	467,597	479,843	511,963	471,598	502,400	500,711
Arrowhead	1,234,474	1,249,525	1,228,341	1,223,409	1,243,086	1,132,712	1,118,118	1,196,122	1,312,461	1,418,141
Waukesha VTAE District	497,631	518,537	525,843	556,540	581,753	529,575	516,982	575,190	625,101	655,910
<b>Total General Tax</b>	<b>22,513,090</b>	<b>22,378,801</b>	<b>22,708,764</b>	<b>23,286,972</b>	<b>24,338,137</b>	<b>24,340,619</b>	<b>24,214,169</b>	<b>25,084,786</b>	<b>26,405,359</b>	<b>27,387,763</b>
State Gen Govt Credit										
School Districts	(2,301,550)	(2,518,903)	(2,504,624)	(2,487,276)	(2,464,304)	(2,460,204)	(2,446,684)	(3,068,674)	(3,236,439)	(3,223,407)
<b>Net General Tax</b>	<b>\$ 20,211,540</b>	<b>\$ 19,859,898</b>	<b>\$ 20,204,140</b>	<b>\$ 20,799,697</b>	<b>\$ 21,873,833</b>	<b>\$ 21,880,415</b>	<b>\$ 21,767,485</b>	<b>\$ 22,016,112</b>	<b>\$ 23,168,920</b>	<b>\$ 24,164,356</b>

**ASSESSED VALUE**

School Districts										
Kettle Moraine	\$ 959,605,800	\$ 964,746,600	\$ 967,439,900	\$ 973,945,100	\$ 986,975,800	\$ 990,610,100	\$ 1,246,921,000	\$ 1,258,834,800	\$ 1,257,161,400	\$ 1,742,259,200
Arrowhead & Lake Country	366,769,600	376,648,400	382,439,500	384,578,600	389,105,700	392,485,600	511,016,100	528,672,500	541,022,200	743,479,400
Oconomowoc Area	41,851,900	42,569,800	44,799,600	44,976,700	44,407,500	45,687,500	59,470,100	62,105,500	62,305,000	83,307,500
<b>Total Assessed Value</b>	<b>\$ 1,368,227,300</b>	<b>\$ 1,383,964,800</b>	<b>\$ 1,394,679,000</b>	<b>\$ 1,403,500,400</b>	<b>\$ 1,420,489,000</b>	<b>\$ 1,428,783,200</b>	<b>\$ 1,817,407,200</b>	<b>\$ 1,849,612,800</b>	<b>\$ 1,860,488,600</b>	<b>\$ 2,569,046,100</b>

Note: Total Assessed Value is Used for State, County, City and VTAE

**MILL RATE PER THOUSAND**

State of Wisconsin	0.168	-	-	-	-	-	-	-	-	-
Waukesha County	1.979	1.992	1.976	2.012	2.065	2.076	1.630	1.735	1.769	1.315
City of Delafield	4.425	4.352	4.402	4.500	4.680	4.690	3.868	3.569	3.617	2.610
School Districts										
Kettle Moraine	10.193	10.287	10.429	10.650	11.048	11.069	8.382	9.007	9.278	7.034
Lake Country	4.391	3.948	4.001	3.984	3.986	3.989	3.171	3.197	4.210	3.316
Oconomowoc Area	9.472	9.815	9.747	10.245	10.530	10.503	8.609	7.593	8.064	6.010
Arrowhead	3.366	3.317	3.212	3.181	3.195	2.886	2.188	2.263	2.426	1.907
Waukesha VTAE District	0.365	0.376	0.376	0.398	0.411	0.372	0.285	0.312	0.337	0.255
State credits										
School and lottery	1.682	1.820	1.796	(1.772)	(1.735)	(1.722)	(1.346)	(1.659)	(1.740)	(1.255)
<b>Total Local Collections</b>	<b>\$ 16,400,000</b>	<b>\$ 16,359,735</b>	<b>\$ 15,747,418</b>	<b>\$ 16,581,475</b>	<b>\$ 17,740,677</b>	<b>\$ 17,702,467</b>	<b>\$ 17,602,171</b>	<b>\$ 17,570,196</b>	<b>\$ 18,511,722</b>	<b>\$ 18,976,803</b>
<b>Percent Collected Locally</b>	<b>81.14%</b>	<b>82.38%</b>	<b>77.94%</b>	<b>79.72%</b>	<b>81.10%</b>	<b>80.91%</b>	<b>80.86%</b>	<b>79.81%</b>	<b>79.90%</b>	<b>78.53%</b>

**CITY OF DELAFIELD  
COMPUTATION OF LEGAL DEBT MARGIN  
2016-2025**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Equalized Value	\$ 1,356,000,400	\$ 1,412,344,500	\$ 1,458,335,100	\$ 1,551,866,500	\$ 1,663,340,700	\$ 1,760,693,400	\$ 1,937,919,800	\$ 2,307,810,400	\$ 2,441,888,300	\$ 2,667,384,100
Maximum % Debt	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Legal Debt Limit	67,800,020	70,617,225	72,916,755	77,593,325	83,167,035	88,034,670	96,895,990	115,390,520	122,094,415	133,369,205
Debt Outstanding	15,312,747	15,034,206	14,971,665	15,422,124	14,928,583	13,767,712	14,036,403	14,250,136	13,978,869	13,507,602
Debt Margin	\$ 52,487,273	\$ 55,583,019	\$ 57,945,090	\$ 62,171,201	\$ 68,238,452	\$ 74,266,958	\$ 82,859,587	\$ 101,140,384	\$ 108,115,546	\$ 119,861,603

**CITY OF DELAFIELD**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR G.O. DEBT TO TOTAL CURRENT GOVT EXPENDITURES**  
**2016-2025**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service Expenditures	\$ 1,954,274	\$ 1,844,204	\$ 1,793,749	\$ 2,125,085	\$ 2,639,144	\$ 2,059,431	\$ 2,085,751	\$ 2,290,422	\$ 2,494,540	\$ 2,609,938
Total Current Government Expenditures	6,711,716	7,029,234	7,224,352	7,442,073	7,288,029	7,478,529	8,173,954	8,504,020	9,493,582	9,892,343
Ratio of Debt Service to Current Govt.	29.12%	26.24%	24.83%	28.56%	36.21%	27.54%	25.52%	26.93%	26.28%	26.38%

**FORM OF LEGAL OPINION**

(See following pages)

June 25, 2026

**\$1,885,000\***  
**City of Delafield**  
**Waukesha County, Wisconsin**  
**General Obligation Promissory Notes, Series 2026A**

We have acted as bond counsel in connection with the issuance by the City of Delafield, Waukesha County, Wisconsin (the “City”), of its \$1,885,000\* General Obligation Promissory Notes, Series 2026A, dated June 25, 2026 (the “Notes”). We have examined the law and a certified copy of the proceedings of record of the City preliminary to and in connection with the issuance of the Notes, as well as other documents and records which we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of officers of the City and other public officials furnished to us, without undertaking to verify the same by independent investigation. The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Based on the foregoing, we are of the opinion and hereby certify that, as of the date hereof:

1. The Notes are valid and binding general obligations of the City, payable from a nonrepealable, direct annual tax levied upon all the taxable property of the City for the express purpose of paying interest on the Notes as it falls due and also to pay and discharge the principal thereof at maturity.

2. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”) on individuals; however, interest on the Notes is taken into account in determining “annual adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first

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\* Preliminary; subject to change.

sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

3. The City has properly designated the Notes as “qualified tax-exempt obligations” under Section 265 of the Code.

Very truly yours,

**HUSCH BLACKWELL LLP**

**BOOK-ENTRY-ONLY SYSTEM**

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

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

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

(See following pages)

**\$1,885,000\***  
**City of Delafield**  
**Waukesha County, Wisconsin**  
**General Obligation Promissory Notes, Series 2026A**

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**CONTINUING DISCLOSURE AGREEMENT**

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This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is executed and delivered by the City of Delafield, Waukesha County, Wisconsin (the “City”), in connection with the issuance of \$1,885,000\* General Obligation Promissory Notes, Series 2026A (the “Notes”). The Notes are being issued pursuant to a parameters resolution adopted by the Common Council on May 4, 2026, as supplemented by a Certificate of Final Approval dated June 9, 2026 (the “Resolution”). The City covenants and agrees as follows:

Section 1. Purpose of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the City for the benefit of the Noteholders and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

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

“City Contact” shall mean the Clerk of the City, 500 Genesee Street, Delafield, WI 53018.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the City which has filed with the City a written acceptance of such designation.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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\* Preliminary; subject to change.

“Fiscal Year” shall mean the fiscal year of the City, currently ending on December 31 of each year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C. 20005.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The sole National Repository is the MSRB, through the operation of EMMA, as provided in Section 3(e) hereof.

“Noteholder” shall mean the registered owner or beneficial owner of any of the Notes.

“Official Statement” shall mean the final official statement dated June 9, 2026 delivered in connection with the Notes, which is available from the MSRB.

“Participating Underwriter” shall mean the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

### Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the City’s Fiscal Year in each year, commencing with the Fiscal Year ending December 31, 2026, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Continuing Disclosure Agreement; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to each Repository as soon as received by the City.

(b) If the City is unable or fails to provide an Annual Report to the Repositories by the date required above, the City shall, in a timely manner, send a notice of that fact to the National Repositories, the MSRB and any State Repository.

(c) The City shall determine each year prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any.

(d) The Dissemination Agent, if any, shall:

- (1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (2) file a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) The Securities and Exchange Commission has approved the submission of continuing disclosure filings with the Electronic Municipal Market Access (“EMMA”) system established by the MSRB until EMMA shall no longer be the sole National Repository recognized by the Securities and Exchange Commission for purposes of the Rule. All continuing disclosure filings under this Continuing Disclosure Agreement may thereafter be filed solely by transmitting such filings to EMMA at [www.emma.msrb.org](http://www.emma.msrb.org).

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

Current Property Valuations  
Direct Debt  
Debt Limit  
Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an “obligated person” (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) The City shall file a notice of the occurrence of any of the Listed Events in a timely manner not in excess of ten business days after the occurrence of the event with the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 7. City Contact/Dissemination Agent. Information may be obtained from the City Contact. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in

carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

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

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

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

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

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Participating Underwriters, and the Noteholders from time to time of the Notes and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Continuing Disclosure Agreement in our official capacities effective June 25, 2026.

**CITY OF DELAFIELD,  
WAUKESHA COUNTY, WISCONSIN**

[SEAL]

By: \_\_\_\_\_  
Tim Aicher, Mayor

By: \_\_\_\_\_  
Molly Schneider, City Clerk

**NOTICE OF SALE**

**\$1,885,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A  
CITY OF DELAFIELD, WISCONSIN**

Bids for the purchase of \$1,885,000\* General Obligation Promissory Notes, Series 2026A (the "Notes") of the City of Delafield, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on June 9, 2026, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on May 4, 2026 (the "Parameters Resolution"), which authorizes the Finance Officer/Treasurer and the City Administrator to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 9, 2026, then neither the Finance Officer/Treasurer nor the City Administrator will have the authority to award the sale of the Notes, and all bids will be rejected.**

**AUTHORITY; PURPOSE; SECURITY**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the costs of Capital improvement projects, including but not limited to, projects for streets, parks and recreation/public facilities, municipal equipment, and public safety. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Notes will be dated June 25, 2026, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$50,000	2031	\$205,000	2035	\$225,000
2028	125,000	2032	210,000	2036	230,000
2029	200,000	2033	215,000		
2030	205,000	2034	220,000		

**ADJUSTMENT OPTION**

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, up to an increase of \$75,000 or a decrease of \$45,000 for the 2027 maturity or mandatory redemption amount and an increase or decrease of up to \$100,000 for maturities or mandatory redemption amounts in 2028 through 2036. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## **TERM BOND OPTION**

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

## **INTEREST PAYMENT DATES AND RATES**

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

## **BOOK-ENTRY-ONLY FORMAT**

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

## **PAYING AGENT**

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

## **OPTIONAL REDEMPTION**

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

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

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

## DELIVERY

On or about June 25, 2026, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Husch Blackwell LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

## SUBMISSION OF BIDS

Bids must not be for less than \$1,866,150, nor more than \$2,035,800, plus accrued interest on the principal sum of \$1,885,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

**A good faith deposit ("Deposit") in the amount of \$37,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned

thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

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

### **AWARD**

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Notes will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 4.25% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

### **BOND INSURANCE**

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

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

### **CUSIP NUMBERS**

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

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

### **CONTINUING DISCLOSURE**

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

### **NEW ISSUE PRICING**

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

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

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

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

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

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

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

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **PRELIMINARY OFFICIAL STATEMENT**

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

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

By Order of the Common Council

Molly Schneider, City Clerk  
City of Delafield, Wisconsin

# BID FORM

City of Delafield, Wisconsin (the "City")

June 9, 2026

RE: \$1,885,000\* General Obligation Promissory Notes, Series 2026A (the "Notes")  
DATED: June 25, 2026

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$1,866,150, nor more than \$2,035,800) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2031	_____ % due	2035
_____ % due	2028	_____ % due	2032	_____ % due	2036
_____ % due	2029	_____ % due	2033		
_____ % due	2030	_____ % due	2034		

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

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

**A good faith deposit ("Deposit") in the amount of \$37,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about June 25, 2026.

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

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

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

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

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

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 25, 2026 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

The foregoing offer is hereby accepted on behalf of the City of Delafield, Wisconsin, on June 9, 2026.

By: \_\_\_\_\_  
Title: \_\_\_\_\_