COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | *NEIGHBORS*
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

VILLAGE OF CLEVELAND, WISCONSIN

EXECUTIVE SUMMARY

YEAR ENDED DECEMBER 31, 2025

Right there with you

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VILLAGE OF CLEVELAND, WISCONSIN
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YEAR ENDED DECEMBER 31, 2025

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CliftonLarsonAllen LLP
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Village Board
Village of Cleveland, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Cleveland, Wisconsin as of and for the year ended December 31, 2025, and have issued our report thereon dated August 21, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated August 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Village of Cleveland, Wisconsin are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgements by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Recorded WRS pension liability, deferred outflows and inflows.
- Reclassified principal and interest
- Recorded special assessments receivable and related deferred inflows
- Adjusted accounts payable and related expenditures
- Recorded deposits in transit at year end
- Reclassified and established a separate fund number for Tax Incremental District No. 2
- Reclassified debt service activity into the debt service fund
- Reclassified capital projects fund activity into the capital projects fund
- Adjusted interfund balances

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include the following emphasis of matter paragraph to highlight the restatement and error corrections as follows:

> As described in Note 4.D., the Village recorded a restatement for correction of errors to previously issued financial statements that impacted the general fund, proprietary funds, governmental activities, and business-type activities.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated August 21, 2026.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated August 21, 2026, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the detailed comparisons of general fund budgeted and actual revenues and other financing sources, general fund budgeted and actual expenditures and other financing uses, and the combining nonmajor governmental fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 21, 2026.

* * *

This communication is intended solely for the information and use of the Village Board and management of Village of Cleveland, Wisconsin and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
August 21, 2026

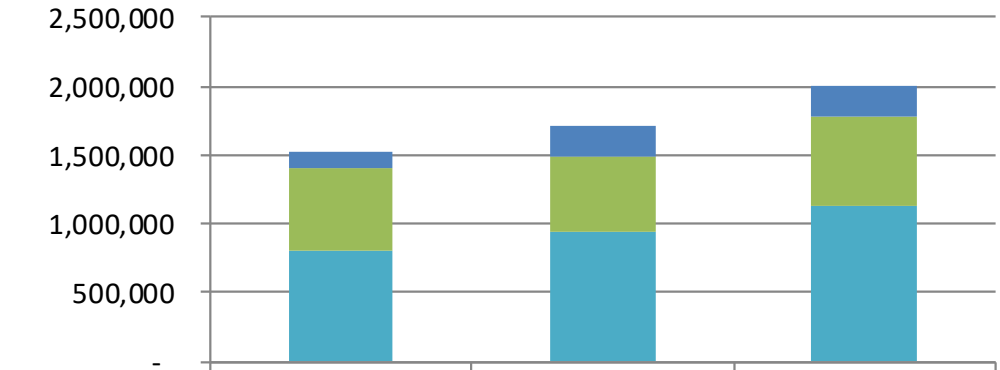
Village Governmental Fund Balances

Presented below is a summary of the Village governmental fund balances on December 31, 2025 including a comparison to the prior year. This information is provided for assisting management in assessing financial results of 2025 and for indicating financial resources available at the start of the 2026 budget year.

	2025	2024
General Fund:		
Nonspendable for:		
Prepaid Items	$ 13,849	$ 11,063
Long-Term Cash Advances:		
Tax Incremental District No. 2	129,473	116,789
Water Utility	80,173	86,850
Committed for:		
Park Improvements	168,687	25,275
Debt Service	8,043	124,527
Water Quality	247,955	-
Public Building and Grounds	63,715	63,715
Crime Prevention Fund	2,130	2,130
HRA Reimbursement	6,981	6,981
Revaluation	45,655	45,655
GASB Compliancce	5,107	5,107
Street Décor	10,300	10,301
Office Equipment and Technology	-	7,360
Technology	22,757	22,756
Contingency	-	239,990
Street Maintenance	50,000	-
Land Held for Resale	8,662	-
Unassigned	1,134,400	940,877
Total General Fund Balance	1,997,887	1,709,376
Debt Service Fund		
Restricted for Debt Service	-	-
Capital Projects Funds:		
Tax Incremental District No. 2	(129,560)	(118,146)
Capital Projects	-	(58,303)
Total Capital Projects Funds	(129,560)	(176,449)
Total Governmental Fund Balances	$ 1,868,327	$ 1,532,927

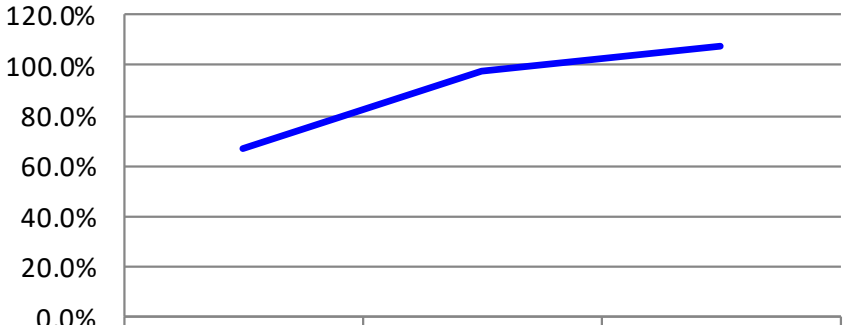
General Fund Balance

Following is a fund balance analysis of the General Fund for recent fiscal years. This information is presented to assist Village management in assessing fund balance levels at the end of fiscal year 2025 and the trend over the past years.



	2023	2024	2025
Nonspendable	117,071	214,702	223,495
Committed	593,596	553,797	639,992
Unassigned	810,720	940,877	1,134,400

Unassigned Fund Balance as a Percent of General Fund Expenditures



	2023	2024	2025
Unassigned Fund Balance	66.7%	97.6%	107.3%

Tax Incremental Districts

The Village has created a Tax Incremental District (TID's) in accordance with Section 66.1105 of the Wisconsin Statutes.

District No. 2 – TID No. 2 was created in 2024 and is recorded as a capital projects fund in the Village's basic financial statements. A summary of the District's 2025 transactions, including a comparison to the prior year, is presented below:

	2025	2024
Revenues:		
Taxes	$ -	$ -
Expenditures:		
Current:		
General Government	-	242
Conservation and Development	11,414	20,958
Capital Outlay	-	85,847
Total Expenditures	11,414	107,047
Net Change in Fund Balance	(11,414)	(107,047)
Fund Balance - January 1	(118,146)	(11,099)
Fund Balance - December 31	$ (129,560)	$ (118,146)

Water Utility Operating Results

Presented below are financial analyses to assist management in monitoring water utility operations.

Water Utility Income Statement

Comparative income accounts for the years ended December 31, 2025 and 2024 follows:

	2025	2024
Operating Revenues		
Charges for Service	$ 622,023	$ 544,960
Other	-	6,853
Total Operating Revenues	622,023	551,813
Operating Expenses		
Operation and Maintenance	313,109	353,046
Depreciation	90,373	90,241
Total Operating Expenses	403,482	443,287
Operating Income	218,541	108,526
Nonoperating Revenues (Expenses)		
Interest Income	19,368	8,060
Interest and Fiscal Charges	(30,019)	(31,010)
Other Nonoperating Revenues	7,945	-
Total Nonoperating Revenues (Expenses)	(2,706)	(22,950)
Income Before Contributions and Transfers	215,835	85,576
Capital Contributions	50,776	325,500
Transfers Out	(35,923)	(27,251)
Change in Net Position	$ 230,688	$ 383,825

The water utility reported operating income of $218,541 for 2025 compared to $108,526 for the prior year.

Sewer Utility Operating Results

Presented below are financial analyses to assist management in monitoring sewer utility operations.

Sewer Utility Income Statement

Comparative income accounts for the years ended December 31, 2025 and 2024 follows:

	2025	2024
Operating Revenues		
Charges for Services	$ 499,589	$ 483,598
Operating Expenses		
Operation and Maintenance	397,293	364,390
Depreciation	199,881	192,128
Total Operating Expenses	597,174	556,518
Operating Loss	(97,585)	(72,920)
Nonoperating Revenues (Expenses)		
Interest Income	74,992	77,141
Interest and Fiscal Charges	(1,092)	(1,588)
Total Nonoperating Revenues (Expenses)	73,900	75,553
Income (Loss) Before Contributions and Transfers	(23,685)	2,633
Capital Contributions	48,242	130,000
Transfers Out	(1,323)	-
Change in Net Position	$ 23,234	$ 132,633

The sewer utility reported operating loss of $97,585 for 2025 compared to an operating loss of $72,920 in the prior year.

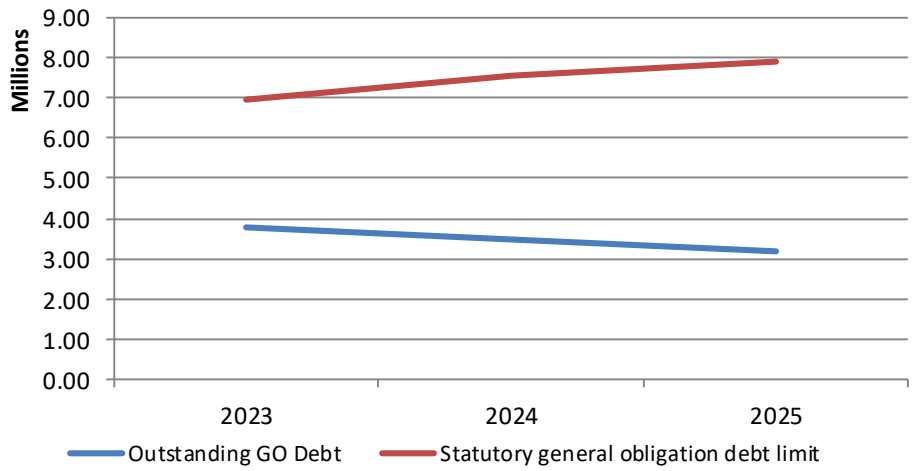
Utility Cash Flow

To further evaluate the operating results of the water and sewer utility, we have prepared the following analysis of the cash flows generated from operating activities for 2025.

	Water Utility	Sewer Utility
Net Cash Provided by Operations	$ 411,427	$ 118,720
Transfers Out	(35,923)	(1,323)
Less Debt Service Payments	(64,176)	(29,302)
Subtotal	311,328	88,095
Due to / From and Advance	33,741	180,086
Less Cash Used to Purchase Capital Assets	(3,745)	(22,835)
Special Assessments Levied	(48,919)	(14,102)
Cash Provided by Investing Activities	19,368	74,992
Net Change in Cash and Investments	$ 311,773	$ 306,236

General Obligation Debt

Presented below is a comparison of the Village's outstanding GO debt compared to the statutory debt limit for the Village.



The Village's general obligation debt limitation was $7,899,840 and the legal margin for new debt was $4,698,072 as of December 31, 2025. As seen above the margin has increased moderately between 2023 and 2025.

APPENDIX

August 21, 2026

CliftonLarsonAllen LLP
3727 Jolliet Trail
Sheboygan, WI 53083

This representation letter is provided in connection with your audit of the financial statements of Village of Cleveland, Wisconsin, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of August 21, 2026, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2025.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated August 14, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

11. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.

12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.

13. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

14. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

15. Direct borrowings and direct placements of debt have been properly separated from other debt and unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance related consequences, and significant subjective acceleration clauses have been properly disclosed.

16. We do not plan to make frequent amendments to our pension plans.

17. Accounting changes and error corrections are appropriately presented and disclosed in the financial statements.

18. We have appropriately identified, recorded, and disclosed all leases, including any material embedded leases contained within other contracts, in accordance with GASB Statement No. 87, *Leases*.

19. We have appropriately identified, recorded, and disclosed all subscription-based information technology arrangements in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

20. We have properly identified the various types of leave and have recorded a liability for compensated absences in accordance with the requirements of GASB Statement No. 101, *Compensated Absences.*

21. We are not aware of any concentrations or constraints that would require disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have taken timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse that you have reported to us.

12. We have a process to track the status of audit findings and recommendations.

13. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

14. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

15. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Village of Cleveland, Wisconsin, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

16. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

17. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

18. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

19. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources $1,000,000 or more. For this representation, “award” means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.

20. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

21. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

22. The financial statements properly classify all funds and activities.

23. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

24. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

25. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

26. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

27. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

28. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

29. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

30. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

31. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

32. We have appropriately disclosed the entity's use of unrestricted fund balance amounts, and we reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance categories could be used.

33. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

34. We acknowledge our responsibility for presenting the general fund detailed comparison of budgeted and actual revenues and other financing sources, the general fund detailed comparison of budgeted and actual expenditures and other financing uses, and the nonmajor fund combining statements (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

35. In regards to the adjusting journal entry, depreciation, and financial statement preparation services performed by you, we have:

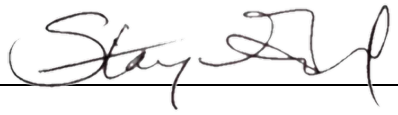
    a. Made all management judgments and decisions and assumed all management responsibilities.

    b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

e. Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

Signature:  Title: Director of Village Services