



**Southern Ozaukee Fire &
EMS Board
AGENDA**

Date:
Wednesday, May 13, 2026

LOCATION: 250 Elm Street, Thiensville, WI

Time: 3:00 PM

I. CALL TO ORDER

II. ROLL CALL

Mequon

Mayor Andrew Nerbun

Administrator Will Jones

Alderman Gregg Bach

Alderman Dale Mayr

Citizen Lynn Streeter (Excused)

Thiensville

President John Rosing

Trustee Kristina Eckert

Administrator Landisch-Hansen

Citizen Doug Chimenti (Excused)

Alternate Trustee David Lange

III. APPROVAL OF MINUTES

A. March 11, 2026 (att)

IV. PERSONAL APPEARANCES AND PUBLIC COMMENT

A. Personal Appearances and Public Comment: Citizens wishing to address the SOFD Board on any matter not on the agenda may do so at this time. If you desire to be heard on agenda items, you may be heard when that item is considered on the agenda. The time limit is FIVE minutes.

V. FINANCE

A. Review and Action Regarding the 2025 SOFD Financial Audit (att)

B. 2026 Budget Update (att)

VI. OPERATIONS

- A. Strategic Plan Update (att)
- B. Review and Action Regarding Fire Inspection Fee Schedule
- C. Mequon Public Safety Building Assessment Study Update
- D. Bimonthly Update

VII. NEXT MEETING

- A. September 9, 2026

VIII. ADJOURNMENT

Colleen Landisch-Hansen, Village Clerk

May 8, 2026

Please advise the Thiensville Municipal Hall, 250 Elm Street (262-242-3720) at least 24 hours prior to the start of this meeting if you have disabilities and desire special accommodations.



Southern Ozaukee Fire & EMS Board
MINUTES

DATE: Wednesday, March 11, 2026
LOCATION: 250 Elm Street, Thiensville, WI
TIME: 5:30 PM

I. CALL TO ORDER

Mayor Nerbun called the meeting to order at 5:30 PM

II. ROLL CALL

Mequon

Mayor Andrew Nerbun

Administrator Will Jones

Alderman Gregg Bach

Alderman William Gebhardt

Citizen Lynn Streeter (Excused)

Thiensville

President John Rosing (Excused)

Trustee Kristina Eckert

Administrator Landisch-Hansen

Citizen Doug Chimenti

Alternate Trustee David Lange

III. APPROVAL OF MINUTES

A. January 14, 2026 (att)

MOTION to Approve by Alderman Gebhardt **SECONDED** by Trustee Eckert. **MOTION CARRIED UNANIMOUSLY.**

Aye: 6

No: 0

Abstain: 0

IV. PERSONAL APPEARANCES AND PUBLIC COMMENT

A. Personal Appearances and Public Comment: Citizens wishing to address the SOFD Board on any matter not on the agenda may do so at this time. If you desire to be heard on agenda items, you may be heard when that item is considered on the agenda. The time limit is FIVE minutes.

None.

V. FINANCE

VI. OPERATIONS

A. Review and Action Regarding Lexipol Policies Implementation (att)

Chief Biak gave the context for the Lexipol agreement.

Deputy Chief Boehlke explained that the Department was seeking approval of implementation of LExipol policies, as recommended by the Department attorney at the January Board meeting.

Deputy Chief Boehlke noted that once accepted, the policies would then need to be disseminated throughout the department.

Alderman Bach asked whether automatic updates are implemented by Lexipol. Deputy Chief Boehlke explained that it depends on the type of update, but if updates were required, Lexipol would most likely implement them.

MOTION to Approve Implementation of Lxipol Policies by Citizen Chimenti **SECONDED** by Alderman Bach. **MOTION CARRIED UNANIMOUSLY.**

Aye: 6

No: 0

Abstain: 0

ROLL CALL VOTE

Aye: Nerbun, Bach, Gebhardt, Chimenti, Eckert, Lange

No: None

MOTION CARRIED UNANIMOUSLY

B. Community EMS Program Update (att)

Deputy Chief Boehlke reported that in order to operate as a community EMS provider, a

Community EMS service license needed to be obtained from the State. This license was granted by the State on March 4, fulfilling that requirement for the program. The operational plan for the Community EMS Program is currently under review within the department before being submitted to the state. Additionally, two individuals have completed training as community paramedics.

Deputy Chief Boehlke shared that the Department is exploring ImageTrend Health Information Hub. This software is already used by the department, which has a suite specifically for the Health Information Hub, a two-way informational pathway between the Department and Hospitals. This software is valuable because it enables the Department to obtain specific information from hospitals to improve ongoing care after transport.

Trustee Eckert asked for an example of how this software interacts with elder care facilities. Deputy Chief Boehlke is working with the nursing directors at these facilities. However, this use is not as prevalent as the focus is on finding information and care, and the residents of these facilities are already in care.

C. 2025 SOFD Annual Report (att)

Chief Bialk summarized the report, noting that the call volume by population for both Thiensville and Mequon is around 2.8%, call volumes have stabilized, response times remain consistent, and that gross charges by the Department were fairly flat between 2024/2025. Chief Bialk also reported that repeat false alarm calls in Mequon now incur fines, whereas Thiensville does not have a similar ordinance.

Alderman Bach inquired if there is an appeal process for a second false alarm. Chief Bialk explained that some offenders have appealed, but that there is no formal process.

Alderman Bach questioned if there are different costs based on destination. Chief Bialk explained that passengers pay by the mile, but most often these costs are covered by medicare.

Administrator Jones questioned whether the contract with the City of Cedarburg accurately balances the percentage of overall call volume with the revenue generated by those calls. Chief Bialk noted that the contract expires at the end of the year and that the Department could renegotiate the terms if needed, although most Cedarburg calls are canceled before transport.

Citizen Chimenti inquired about control measures to prevent a large volume of false alarm calls from Cedarburg. Chief Bialk explained that the Department sends a transport based on whether a call meets specific criteria, which then automatically results in an EMS dispatch.

D. Mequon Public Safety Building Assessment Report

Chief Biak summarized the timeline of the Public Safety Building Assessment.

Another study will be conducted on the Public Safety Building to determine if it is suitable to house the Department and to identify necessary renovations and their costs. A final decision will not be made until the May 12 meeting of the Mequon Common Council.

Administrator Landisch-Hansen asked whether the building would serve as the headquarters or just a satellite location. Deputy Chief Boehlke confirmed that the building would serve as the headquarters.

Administrator Jones requested clarification on whether there would be an update at the May meeting. Chief Biak confirmed there would be an update.

E. Bi-Monthly Update

Chief Biak gave the bi-monthly update.

VII. NEXT MEETING

A. May 13, 2026

VIII. ADJOURNMENT

MOTION to Adjourn at 6:09 PM by Trustee Eckert **SECONDED** by Trustee Gebhardt. **MOTION CARRIED UNANIMOUSLY.**

Aye: 6

No: 0

Abstain: 0

Submitted by,

Ben Honeck
Deputy clerk

Signed by,

Colleen Landisch-Hansen
Village Administrator/Clerk



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: May 13, 2026
SUBJECT: 2025 Fiscal Audit for SOFD

Background

A financial audit of the Southern Ozaukee Fire Department for fiscal year 2025 was included as part of the 2026 budget process. The firm Baker Tilly was contracted to conduct the audit, which was performed over two days in early January.

In addition, the department engaged Foster & Foster to prepare an Other Post-Employment Benefits (OPEB) report which was also completed in early January. OPEB refers to benefits owed to employees after they leave the organization. For SOFD, this includes health insurance coverage and the conversion of sick/medical leave. The OPEB valuation offers insight into the department's future financial obligations. It also ensures compliance with Governmental Accounting Standards Board (GASB) requirements.

Analysis

Financial Audit Findings and Process Improvement Plan

As part of the recent financial audit, several material weaknesses and opportunities for improvement were identified. The following summarizes the key findings and the department's plan to strengthen internal controls and improve financial reporting accuracy.

Summary of Internal Control Findings

- The audit reviewed internal controls only to design audit procedures—not to evaluate their effectiveness, so additional issues may exist that weren't identified.
- Material weaknesses were found, meaning there is a risk that significant financial misstatements could occur and not be detected in time.

Key Issues Identified:

1. Poor segregation of duties
 - Too few staff and limited resources mean individuals have too much control over financial processes.
 - This increases the risk of errors or fraud going undetected.
2. Missing key controls
 - Important safeguards (like independent review of journal entries and reconciliations) are not in place.
 - Without these, errors or unauthorized transactions may not be caught.

3. Financial reporting weaknesses

- Financial statements were not prepared according to standard accounting rules.
- Errors in the general ledger were found during the audit.
- There is a lack of independent review and proper closing processes.

Additional Concerns:

- Cash reconciliations: Old or incorrect items remain on records; some accounts are not being reconciled monthly.
- QuickBooks issues: Automatic allocation feature is causing errors and should be turned off.

Overall Recommendation:

- Review risks and implement stronger internal controls where feasible, considering cost vs. benefit, especially improving oversight, reconciliation processes, and separation of duties.

Process Improvement Plan

Beginning in 2026, the SOFD will transition to BS&A, a government accounting software currently used by the Village of Thiensville. Implementing this system is expected to improve financial controls, enhance reporting capabilities, and address many of the process issues identified in the audit.

Due to the small size of the organization and the limited number of full-time personnel, some challenges related to segregation of duties will likely remain. However, the department is taking steps to reduce risk where possible. One immediate improvement will be the elimination of cash payments for burn permits. Individuals seeking a burn permit will be directed to make payments through the City of Mequon rather than directly through the SOFD.

Financial Position

At the end of 2025, SOFD reported a surplus of \$101,413, primarily due to vacant positions that could not be filled during the year. Similar circumstances occurred in 2023 and 2024, resulting in a combined surplus of \$567,742 over those two years. As a result, the SOFD currently maintains a fund balance of \$669,155, which represents 18% of the department's annual budget. This amount falls within the 16%–25% fund balance range outlined in the department's financial policies.

Fiscal Impact

None

Recommendation

Accept the 2025 Financial Audit for the SOFD.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department

SOUTHERN OZAUKEE FIRE AND EMS DEPARTMENT
Presentation to the Board
May 13, 2026

1. Objective of the audit was to express our opinion on your financial statements.
2. Reports to be issued
 - a. Financial statements
 - i. Unmodified opinion
 - b. Reporting and Insights Report
 - i. Required communications to those charges with governance
 - ii. Two-way communication regarding your audit
 - iii. Other comments and recommendations
3. Financial highlights
 - a. Governmental Fund

	General Fund
Current year activity	
Revenues and other sources	\$ 4,202,516
Expenditures	3,571,132
Change in fund balance	\$ 631,384
Fund Balance	
Nonspendable - prepaid items	\$ 1,312
Restricted - capital equipment	460,628
Unassigned	2,047,769
Total	\$ 2,509,709

b. Budgetary compliance

Details of the general fund's actual results to budget can be found in the Department's year-end budget to actual report. A summary of the general fund final budget to actual results follows:

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable (unfavorable)
Revenues	\$ 3,813,758	\$ 3,571,181	\$ 242,577
Expenditures	<u>3,571,132</u>	<u>3,571,181</u>	<u>49</u>
Excess (deficiency)	242,626	-	242,626
Other financing sources	<u>388,758</u>	<u>-</u>	<u>388,758</u>
Net change in fund balance	<u>\$ 631,384</u>	<u>\$ -</u>	<u>\$ 631,384</u>

4. Questions? If further questions exist or you would like to discuss any information in further details, please contact me at 414 777 5423 or wendi.unger@bakertilly.com.

Southern Ozaukee Fire and EMS Department

Financial Statements and
Supplementary Information

December 31, 2025

Southern Ozaukee Fire and EMS Department

Table of Contents
December 31, 2025

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Fund	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	7
Index to Notes to Financial Statements	8
Notes to Financial Statements	9
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	29
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	30
Schedule of Employer Contributions - Wisconsin Retirement System	30
Schedule of Changes in the Total OPEB Liability and Related Ratios - OPEB Plan	31
Schedule of Proportionate Share of the Net OPEB Liability - LRLIF	32
Schedule of Employer Contributions - LRLIF	32
Notes to Required Supplementary Information	33

Independent Auditors' Report

To the Board Members of
Southern Ozaukee Fire and EMS Department

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Southern Ozaukee Fire and EMS Department (the Department), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Department as of December 31, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department 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 Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department'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 Department'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 required supplementary information, as listed in the table of contents, 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.

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 10, 2026

Southern Ozaukee Fire and EMS Department

Statement of Net Position

December 31, 2025

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 2,267,388
Accounts receivable:	
Accounts receivable	28,340
Ambulance receivable	994,972
Allowance for doubtful accounts	(537,285)
Prepaid items	1,312
Capital assets, net of accumulated depreciation	<u>1,624,564</u>
Total assets	<u>4,379,291</u>
Deferred Outflows of Resources	
Deferred outflow related to OPEB, LRLIF	91,637
Deferred outflow related to pension	<u>1,373,956</u>
Total deferred outflows of resources	<u>1,465,593</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payables	68,550
Accrued liabilities	176,468
Noncurrent liabilities:	
Compensated absences	14,428
OPEB liability, LRLIF	75,471
OPEB liability, health	20,815
WRS pension liability	<u>236,178</u>
Total liabilities	<u>591,910</u>
Deferred Inflows of Resources	
Deferred inflow related to OPEB, LRLIF	50,181
Deferred inflow related to OPEB, health	6,433
Deferred inflow related to pension	<u>869,450</u>
Total deferred inflows of resources	<u>926,064</u>
Net Position	
Invested in capital assets	1,624,564
Restricted - capital equipment	460,628
Unrestricted	<u>2,241,718</u>
Total net position	<u>\$ 4,326,910</u>

See notes to financial statements

Southern Ozaukee Fire and EMS Department

Balance Sheet -
 Governmental Fund
 December 31, 2025

	<u>General Fund</u>	<u>Total Governmental Fund</u>
Assets		
Cash and investments	\$ 2,267,388	\$ 2,267,388
Accounts receivable:		
Accounts receivable	28,340	28,340
Ambulance receivable	994,972	994,972
Allowance for doubtful accounts	(537,285)	(537,285)
Prepaid items	1,312	1,312
	<u>2,754,727</u>	<u>2,754,727</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payables	68,550	68,550
Accrued liabilities	176,468	176,468
	<u>245,018</u>	<u>245,018</u>
Fund Balance		
Nonspendable - prepaid items	1,312	1,312
Restricted - capital equipment	460,628	460,628
Unassigned	2,047,769	2,047,769
	<u>2,509,709</u>	
Total liabilities and fund balance	<u>\$ 2,754,727</u>	

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

Total fund balance	2,509,709
Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund. See Note 3.	1,624,564
Deferred outflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.	1,465,593
Deferred inflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(926,064)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(14,428)
Net Pension, WRS	(236,178)
Net OPEB, LRLIF	(75,471)
Total OPEB, Health	<u>(20,815)</u>

Net Position of Governmental Activities

\$ 4,326,910

Southern Ozaukee Fire and EMS Department

Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended December 31, 2025

	<u>General Fund</u>
Revenues	
Intergovernmental	\$ 473,653
Intergovernmental charges for service	1,996,937
Licenses and permits	7,440
Public charges for services	1,148,592
Investment income	102,975
Miscellaneous revenues	84,161
	<hr/>
Total revenues	3,813,758
Expenditures	
Current:	
Public safety	3,121,475
Capital outlay	449,657
	<hr/>
Total expenditures	3,571,132
	<hr/>
Excess of revenues over expenditures	242,626
Other Financing Sources	
Proceeds from sale of equipment	388,758
	<hr/>
Net change in fund balances	631,384
	<hr/>
Fund Balance, Beginning	1,878,325
	<hr/>
Fund Balance, Ending	<u>\$ 2,509,709</u>

See notes to financial statements

Southern Ozaukee Fire and EMS Department

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

Net Change in Fund Balances, Total Governmental Funds \$ 631,384

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	449,657
Some items reported as capital outlay were not capitalized	(308,950)
Depreciation is reported in the government-wide statements	(298,760)
Net book value of assets disposed of	(194,444)

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

Compensated absences	(3,869)
Net pension liability	(17,593)
Total OPEB liability, health	2,413
Net OPEB liability, LRLIF	7,023
Deferred outflows related to pension	(564,782)
Deferred outflows related to OPEB, LRLIF	(14,149)
Deferred inflows related to pension	549,141
Deferred inflows related to OPEB, LRLIF	(10,395)
Deferred inflows related to OPEB, health	(6,433)

Change in Net Position of Governmental Activities \$ 220,243

Southern Ozaukee Fire and EMS Department

Index to Notes to Financial Statements
December 31, 2025

	<u>Page</u>
1. Summary of Significant Accounting Policies	9
Reporting Entity	9
Government-Wide and Fund Financial Statements	9
Measurement Focus, Basis of Accounting and Financial Statement Presentation	10
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	11
Deposits and Investments	11
Receivables	11
Capital Assets	12
Deferred Outflows of Resources	12
Compensated Absences	12
Deferred Inflows of Resources	12
Equity Classifications	13
Pension	14
Postemployment Benefits Other Than Pensions (OPEB)	14
2. Stewardship, Compliance and Accountability	14
Financial Contributions	14
3. Detailed Notes on all Funds	15
Deposits and Investments	15
Receivables	15
Capital Assets	16
4. Other Information	16
Employees' Retirement System	16
Risk Management	21
Commitments and Contingencies	22
Other Postemployment Benefits	22
Effect of New Accounting Standards on Current Period Financial Statements	28

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

1. Summary of Significant Accounting Policies

The accounting policies of the Southern Ozaukee Fire and EMS Department (SOFD) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principals is the Governmental Accounting Standards Board (GASB).

Reporting Entity

SOFD is an intergovernmental entity consisting of representation from two municipalities within Ozaukee County - City of Mequon and Village of Thiensville. SOFD is managed by a five member Board consisting of two Village of Thiensville representatives and three City of Mequon representatives. SOFD was created, pursuant to the provisions of section 61.65 and 66.0301 of the Wisconsin Statutes, in 2023 for the purpose of providing the necessary fire and emergency services to the City of Mequon and the Village of Thiensville.

This report includes all of the funds of SOFD. The reporting entity for SOFD consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. SOFD has not identified any organizations that meet these criteria.

Government-Wide and Fund Financial Statements

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. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. SOFD does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges for services and 2) grants and contributions. Contributions from municipalities and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

Separate financial statements are provided for governmental funds financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

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

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

SOFD reports the following major governmental fund:

General Fund - accounts for SOFD's primary operating activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, SOFD considers revenues to be available if they are collected within 60 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.

Intergovernmental charges for services are recognized as revenues in the period SOFD is entitled the resources and the amounts are available. Billings for services are rendered as occurred. Amounts owed to SOFD which are not available are recorded as receivables and unavailable revenues.

Revenues susceptible to accrual include public charges for services and interest. Other general revenues such as licenses and permits, fines and forfeitures and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

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

Deposits and Investments

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

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

SOFD has adopted a limited investment policy and that policy follows the state statute for allowable investments but does not include provisions pertaining to custodial credit risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balance and carrying value is due to outstanding checks and deposits in transit.

See Note 3 for further information.

Receivables

An allowance for uncollectible accounts has been recorded relating to ambulance billings in the amount of \$537,285.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the governmental-wide financial statements. Capital assets are defined by SOFD as assets with an initial cost of more than \$5,000 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

	<u>Years</u>
Equipment and furnishings	5-15
Vehicles	5

All buildings have remained property of the participating communities.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave, vacations and paid time off in varying amounts. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources. The total amount outstanding at year end to be paid in the future is \$14,428 and is included in the government-wide statement of net position.

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.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

Equity Classifications

Government-Wide Statements

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

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

Restricted Net Position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

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 SOFD's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund balances are displayed as follows:

Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board that originally created the commitment.

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) SOFD has adopted a financial policy authorizing the Board to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, are neither restricted nor committed. Assignments may take place after the end of the reporting period.

Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

SOFD considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, SOFD would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Pension

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; and
- 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the SOFD OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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;
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; 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.

2. Stewardship, Compliance and Accountability

Financial Contributions

City of Mequon shall bear 84.43% and Village of Thiensville shall bear 15.57% of SOFD's approved operating and capital improvement expenses. Either municipality may request that the percentages be renegotiated as of or after December 31, 2027 and every five years thereafter. Renegotiated percentages will consider fluctuations in number of service calls per year, population and equalized value of improvements with the heaviest weight applied to number of service calls per year.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carry Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 2,267,238	\$ 2,267,238	Custodial credit risk
Petty cash	150	-	N/A
Reconciliation to financial statements per statement of net position	<u>\$ 2,267,388</u>		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, SOFD's deposits may not be returned to SOFD.

As of December 31, 2025, \$1,904,307 of SOFD's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

Receivables

Receivables as of year-end for the general fund, including the applicable allowances for uncollectible accounts are as follows:

Accounts receivable balance	\$ 28,340
Ambulance receivable balance	994,972
Less allowance for uncollectible	<u>(537,285)</u>
Net total receivables	<u>\$ 486,027</u>

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment	\$ 507,806	\$ 85,718	\$ -	\$ 593,524
Vehicles	2,091,762	54,989	(268,000)	1,878,751
Total capital assets being depreciated	<u>2,599,568</u>	<u>140,707</u>	<u>(268,000)</u>	<u>2,472,275</u>
Less accumulated depreciation for:				
Equipment	(136,220)	(76,681)	-	(212,901)
Vehicles	<u>(486,287)</u>	<u>(222,079)</u>	<u>73,556</u>	<u>(634,810)</u>
Total accumulated depreciation	<u>(622,507)</u>	<u>(298,760)</u>	<u>73,556</u>	<u>(847,711)</u>
Total capital assets, net of depreciation	<u>\$ 1,977,061</u>	<u>\$ (158,053)</u>	<u>\$ (194,444)</u>	<u>\$ 1,624,564</u>

Depreciation expense was charged to the public safety function.

4. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <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.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

Vesting

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

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. 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 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.

Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the district'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:

Years Ending December 31:	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

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$200,391 in contributions from SOFD.

Contribution rates for the plan year reported as of December 31, 2025 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.90 %	6.90 %
Protective with Social Security	6.90	14.30

Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, SOFD reported a liability of \$236,178 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. SOFD's proportion of the net pension liability was based on SOFD's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, SOFD's proportion was 0.01437337%, which was a decrease of 0.00032834% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, SOFD recognized pension expense of \$233,625.

At December 31, 2025, SOFD 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 projected and actual experience	\$ 733,462	\$ 689,224
Changes in assumptions	70,078	-
Net differences between projected and actual earnings on pension plan investments	358,886	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	180,226
Employer contributions subsequent to the measurement date	211,530	-
Total	<u>\$ 1,373,956</u>	<u>\$ 869,450</u>

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

\$211,530 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2026	\$ 69,693
2027	417,080
2028	(155,959)
2029	(37,838)

Actuarial Assumptions

The total pension liability 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
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:	
Inflation	3.0%
Seniority/Merit	0.1%-5.7%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

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 Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2024

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

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

** New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.6%

*** 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%.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This 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 the index, the Bond Buyer notes that the Bond's average quality is roughly the equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp's AA rating). 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
SOFD's proportionate share of the net pension liability (asset)	\$ 2,215,660	\$ 236,178	\$ (1,170,187)

Pension Plan Fiduciary Net Position

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

At December 31, 2025, SOFD reported a payable to the pension plan of \$37,369, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

SOFD 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 of these 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. There were no significant reductions in coverage compared to the prior year.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred.

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

Other Postemployment Benefits

General Information About the OPEB Plan

Plan Description

SOFD's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Department. RBP is a single-employer defined benefit OPEB plan administered by the Department. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Board. No assets were accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

For non-represented employees (including command staff), the RBP provides monthly contributions towards the premium in the amount of \$725 for a single health insurance plan or \$1,800 for a family health insurance plan. For a period of time not to exceed one month for 80 hours of sick leave for a 40 hour week employee or 112 hours of sick leave for a 56 hour week employee of accumulated, unused medical leave.

Employees Covered by Benefit Terms

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

Active Plan Members	9
---------------------	---

Total OPEB Liability

SOFD's total OPEB liability of \$20,815 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	6.5%, then by 0.10% per year down to 4.50% and level thereafter

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

Mortality rates were based on the 2020 WRS Experience Tables for Active Employees and Health Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an experience study conducted in 2021 using WRS experience from 2018-2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2024	<u>\$ 23,228</u>
Changes for the year:	
Service cost	4,082
Interest	1,010
Differences between expected and actual experience	(7,440)
Changes in assumptions or other inputs	(65)
Net changes	<u>(2,413)</u>
Balances at December 31, 2025	<u>\$ 20,815</u>

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

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 21,342	\$ 20,815	\$ 20,302

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

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

The following presents the total OPEB liability of the SOFD, as well as what the SOFD's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 3.5%) or 1-percentage-point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 20,602	\$ 20,815	\$ 21,038

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the SOFD recognized positive OPEB expense of \$4,020. At December 31, 2025, the SOFD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 6,377
Changes in assumptions	56
Total	<u>\$ 6,433</u>

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

<u>Years Ending December 31:</u>	<u>Amount</u>
2026	\$ (1,072)
2027	(1,072)
2028	(1,072)
2029	(1,072)
2030	(1,072)
Thereafter	(1,073)

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The 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 postemployment life insurance benefits for all eligible members.

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 be found at the link above.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

Vesting

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

Benefits Provided

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

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 not of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contribution based on employee 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 employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2025 are:

<u>Coverage Type</u>	<u>Employer Contributions</u>
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee 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 plan year are as listed below:

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

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

During the reporting period, the LRLIF recognized \$405 in contributions from the employer.

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

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

At December 31, 2025, the SOFD reported a liability of \$75,471 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The SOFD's proportion of the net OPEB liability was based on the SOFD's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2025, the SOFD's proportion was 0.01929100% which was an increase of 0.00136000% from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the SOFD recognized OPEB expense of \$17,521.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,851
Net differences between projected and actual earnings on OPEB plan investments	1,036	-
Changes in assumptions	18,518	42,330
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,580	-
Employer contributions subsequent to the measurement date	<u>2,503</u>	<u>-</u>
Total	<u>\$ 91,637</u>	<u>\$ 50,181</u>

\$2,503 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's 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 of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Net Deferred Outflows (Inflows) of Resources (Net)</u>
2026	\$ 11,518
2027	7,971
2028	5,264
2029	5,664
2030	10,228
Thereafter	(1,692)

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements
December 31, 2025

Actuarial Assumptions

The net OPEB liability in the 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	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	3.0%
Seniority/Merit	0.1%-5.7%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO Index

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

Long-Term Expected Return on Plan Assets

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

State 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 %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40.00%	2.41%
U.S. Mortgages	Bloomberg U.S. MBS	60.00	2.71
Inflation			2.30
Long-Term Expected Rate of Return			4.25

Southern Ozaukee Fire and EMS Department

Notes to Financial Statements

December 31, 2025

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 significant 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.

Sensitivity of the SOFD's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
Proportionate share of the net OPEB liability	\$ 100,878	\$ 75,471	\$ 55,893

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*
- Statement No. 105, *Subsequent Events*

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

REQUIRED SUPPLEMENTARY INFORMATION

Southern Ozaukee Fire and EMS Department

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual -

General Fund

Year Ended December 31, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 294,358	\$ 473,653	\$ 179,295
Intergovernmental charges for service	1,813,535	1,996,937	183,402
Licenses and permits	12,000	7,440	(4,560)
Public charges for services	1,413,171	1,148,592	(264,579)
Investment income	38,117	102,975	64,858
Miscellaneous revenues	-	84,161	84,161
	<u>3,571,181</u>	<u>3,813,758</u>	<u>242,577</u>
Expenditures			
Current:			
Public safety	3,339,517	3,121,475	218,042
Capital outlay	231,664	449,657	(217,993)
	<u>3,571,181</u>	<u>3,571,132</u>	<u>49</u>
Excess of revenues over expenditures	-	242,626	242,626
Other Financing Sources			
Proceeds from sale of equipment	-	388,758	388,758
	<u>\$ -</u>	<u>631,384</u>	<u>\$ 631,384</u>
Fund Balance, Beginning		<u>1,878,325</u>	
Fund Balance, Ending		<u>\$ 2,509,709</u>	

See notes to required supplementary information

Southern Ozaukee Fire and EMS Department

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
 Wisconsin Retirement System
 Year Ended December 31, 2025

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	0.08384975 %	\$ 626,869	\$ 1,575,192	39.80%	unknown
12/31/23	0.01470171 %	218,585	1,375,705	15.89%	98.85%
12/31/24	0.01437337 %	236,178	1,418,657	16.65%	98.79%

Schedule of Employer Contributions - Wisconsin Retirement System
 Year Ended December 31, 2025

SOFD Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	\$ 136,505	\$ 136,505	\$ -	\$ 2,020,202	6.76 %
12/31/24	200,391	200,391	-	1,418,657	17.16 %
12/31/25	211,530	211,530	-	1,434,894	14.74%

See notes to required supplementary information

Southern Ozaukee Fire and EMS Department

Schedule of Changes in the Total OPEB Liability and Related Ratios -

OPEB Plan

Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 4,082	\$ 4,082	\$ -
Interest	1,010	815	-
Difference between expected and actual experience	(7,440)	-	18,888
Changes in assumptions	(65)	(23,050)	22,493
	<u>(2,413)</u>	<u>(18,153)</u>	<u>41,381</u>
Net change in total OPEB liability	(2,413)	(18,153)	41,381
Total OPEB Liability, Beginning	<u>23,228</u>	<u>41,381</u>	<u>-</u>
Total OPEB Liability, Ending	<u>\$ 20,815</u>	<u>\$ 23,228</u>	<u>\$ 41,381</u>
Covered-employee payroll	<u>\$ 793,298</u>	<u>\$ 793,298</u>	<u>\$ 575,307</u>
Total OPEB liability as a percentage of covered-employee payroll	2.62%	2.93%	7.19%

Notes to Schedule:

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

Benefit changes . None.

Accumulation of assets . No assets have been accumulated in a trust that meets the criteria in GASB Statement No. 75.

Changes of assumptions . The discount rate was changed from 4.00% to 4.28%.

A schedule of employer contributions has not been presented because an actuarially determined contribution for the SOFD has not been determined.

Southern Ozaukee Fire and EMS Department

Schedule of Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Year Ended December 31, 2025

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/22	0.01180500 %	\$ 55,138	\$ 873,629	6.31 %	unknown
12/31/23	0.01793100 %	82,494	1,295,000	6.37 %	33.90 %
12/31/24	0.01929100 %	75,471	1,394,000	5.41 %	37.20 %

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2025

SOFD Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	\$ 269	\$ 269	\$ -	\$ 2,020,202	0.01 %
12/31/24	2,416	2,416	-	1,418,657	0.17 %
12/31/25	2,503	2,503	-	1,434,894	0.17 %

See notes to required supplementary information

Southern Ozaukee Fire and EMS

Notes to Required Supplementary Information
Year Ended December 31, 2025

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. A budget for the general fund has been created.

All annual appropriations lapse at year-end unless specifically carried over by the Board. Budgetary control is exercised at the total fund level.

Wisconsin Retirement System

SOFD is required to present the last ten fiscal years data; however, the standards allow the SOFD to present as many years as are available until ten fiscal years are presented.

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

Changes in 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 postretirement 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 postretirement 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

Other Postemployment Benefits, Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

SOFD is required to present the last ten fiscal years data; however, the standards allow the SOFD to present as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

Southern Ozaukee Fire and EMS

Notes to Required Supplementary Information
Year Ended December 31, 2025

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

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

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

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

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

Reporting and insights from the 2025 audit:

Southern Ozaukee Fire and
EMS Department

December 31, 2025

Executive summary

March 10, 2026

To the Board Members
Southern Ozaukee Fire and EMS Department

We have completed our audit of the financial statements of Southern Ozaukee Fire and EMS Department (the Department) for the year ended December 31, 2025, and have issued our report thereon dated March 10, 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Department's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

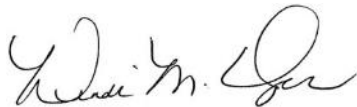
Additionally, we have included information on key risk areas Southern Ozaukee Fire and EMS Department should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, Principal: wendi.unger@bakertilly.com or +1 (414) 777 5423

Sincerely,

Baker Tilly US, LLP



Wendi M. Unger, CPA, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS. NON-ATTEST SERVICES ARE PROVIDED BY BAKER TILLY ADVISORY GROUP, LP.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Department's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board Members:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Board Members of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board Members, including:

- Internal control matters
- Qualitative aspects of the Department's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Department's and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Department's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion
Inadequate segregation of duties	Incorporate unpredictability into audit procedures, emphasize professional skepticism, utilize audit team with industry expertise and performance of sufficient substantive procedures	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Financial reporting and required disclosures
Capital assets	Net position/fund balance	

Internal control matters

We considered the Department's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses

- **Inadequate segregation of duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over monthly and year-end accounting

- Adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer.
- Account reconciliations prepared throughout the year should be performed by someone independent of processing transactions in the account.
- Year-end reconciliations (retainages, payroll accruals) should be reviewed and approved by someone other than the preparer.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost/benefit analysis.

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

Other comments and recommendations

- **Cash Reconciliation**

During our review of cash, it was noted there are several old outstanding checks and deposits in transit on the bank reconciliation. Some of which are removed from the reconciliation but still show up on the report. We recommend that the Department review older items and determine items which should not be included as cash on the books and in the reconciliation and address as appropriate.

In addition to the above, reconciliations have not been completed for the three money market accounts that the Department has. We recommend that the Department create a process for reviewing these accounts monthly to ensure that they reconcile.

- **QuickBooks Automatic Allocations**

The Department utilizes a feature within QuickBooks that automatically allocates checks and receipts. During testing, it was noted that it automatically allocated items incorrectly. Credit card activity at the Department is not being reconciled properly because of this. Some of the activity has been posted correctly, while other portions have not been. There were several credit card expenses that were left unallocated at the year end. We recommend that the Department turn off this feature as it is a cause for a significant number of discrepancies.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2025. We noted no transactions entered into by the Department during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Net/Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third-party actuary and evaluation of info provided by Employee Trust Fund	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Department or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

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

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management agrees with the misstatements we have identified, and they have been corrected in the financial statements. The schedule below summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Description	Opinion unit	Amount
To reallocate expenditures recorded incorrectly	General Fund	\$198,325
To reallocate intermunicipal money	General Fund	\$346,505
To reallocate expenses posted to incorrect period	General Fund	\$2,480,479
To adjust cash accounts	General Fund	\$346,163
To record accrued liabilities	General Fund	\$172,941
To adjust ambulance receivable	General Fund	\$195,761
To adjust allowance for uncollectible receivables	General Fund	\$105,711

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

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

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Department's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Department that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Department's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries

In addition, as part of the financial statement preparation we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Board Member resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

March 10, 2026

Baker Tilly US, LLP
790 N Water St, Suite 2000
Milwaukee, WI 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Southern Ozaukee Fire and EMS Department as of December 31, 2025 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Southern Ozaukee Fire and EMS Department and the respective changes in financial position, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 30, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the appropriate accounts.
- 10) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

Information Provided

- 11) 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 financial records and related data, 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) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) 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 where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) Southern Ozaukee Fire and EMS Department has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 19) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local 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.
- 20) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or 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, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
- 21) As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 22) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, as identified in the engagement letter or an addendum to the engagement letter. We have designated Jill Wellman, Administrative Assistant, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

The nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, are listed below.

- a) Financial statement preparation
- b) Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.


- 23) Southern Ozaukee Fire and EMS Department 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.
- 24) Southern Ozaukee Fire and EMS Department has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 25) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.
- 26) The financial statements properly classify all funds and activities.
- 27) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 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.
- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 29) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 30) 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.
- 31) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 32) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 33) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

- 34) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 35) We have appropriately disclosed Southern Ozaukee Fire and EMS Department'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 are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 36) 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.
- 37) We assume responsibility for, and agree with, the findings of specialists in evaluating the other post employment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 38) We believe that the actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 39) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 40) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.
- 41) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

Southern Ozaukee Fire and EMS Department

Signed: 
David Biak, Fire Chief

Signed: 
Jill Wellman, Administrative Assistant

Client Services Team



Wendi Unger, CPA
Principal

790 N. Water St. Suite 2000
Milwaukee, WI 53202
United States

T +1 (414) 777 5423 | Milwaukee
wendi.unger@bakertilly.com



Jordan Quilling
Senior Associate

790 N. Water St, Suite 2000
Milwaukee, WI 53202
United States

T +1 (414) 256 7061 | Milwaukee
jordan.quilling@bakertilly.com

Accounting changes relevant to Southern Ozaukee Fire and EMS Department

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✓	12/31/26
104	Disclosure of certain capital assets	✓	12/31/26
105	Subsequent events	✓	12/31/27

Further information on upcoming [GASB pronouncements](#).

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including:

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures it is important to plan ahead to ensure the required information is available for implementation.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements
 - Consider factors that affect the risks of material misstatement
 - Design tests of controls, when applicable and substantive procedures
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Department will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: May 13, 2026
SUBJECT: 2026 Budget Update Ending 4/30/2026

Background

The Southern Ozaukee Fire Department (SOFD) has adopted a 2026 operating budget of \$3.66 million, which is heavily reliant on revenue generation. The budget is funded through a combination of 49% tax levy and 51% non-tax revenue. Non-tax revenue sources include ambulance billing, the State of Wisconsin 2% Dues Program, the Wisconsin Ambulance Funding Assistance Program, crash billing, false alarm fees, fire inspection square footage charges, and other related chargebacks.

Analysis

Expenditures

A review of preliminary, unaudited financial data for 2026 indicates the following:

1. Expense Trends: Overall expenses are trending even with the 2026 budget.
2. Budget Utilization: Within the first four months of 2026, approximately 31% of the 2026 budget has been spent with 33% of the year having elapsed. This indicates that expenditures are tracking at expected levels.
3. Year-over-Year Comparison: Spending for the first four months of 2026 is 18% higher than for the same period in 2025. This increase is primarily due to being at full staffing in 2026 while we had open positions in 2025.

Revenue

In the first four months of 2026, ambulance billing generated gross charges of \$1,124,343, compared to \$992,855 during the same period in 2025. It is important to note that not all April 2026 charges had been billed at the time of this report, indicating the actual total will likely be higher. Despite this, the data already reflects a year-over-year increase in gross charges. Billed ambulance calls increased from 668 in January to April of 2025 to 734 for this period in 2026. Total calls for service increased from 1255 to 1287.

Fiscal Impact

At this point in the fiscal year, SOFD is on track to remain within its 2026 budget. Due to full staffing, we do not anticipate having a surplus in 2026.

Recommendation

Staff will continue to monitor the department's financial performance on a monthly basis to ensure alignment with the approved budget.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department

Southern Ozaukee Fire and EMS Department
Budget vs. Actuals: Budget_FY26_P&L - FY26 P&L
 January - April, 2026

	Actual	Budget	Over Budget
Expenditures			
51000 Contractual Services			0.00
51500 Legal Fees		3,333.32	-3,333.32
51550 Audit Services	2,897.70	6,666.68	-3,768.98
51600 IT Services	21,623.25	6,666.68	14,956.57
51650 Billing Services	9,597.18	27,100.00	-17,502.82
51700 Advertising/Promotional		333.32	-333.32
51900 Misc Contracted Services	3,941.00	6,833.32	-2,892.32
Total 51000 Contractual Services	\$ 38,059.13	\$ 50,933.32	(12,874.19)
54000 Personnel Services			0.00
54100 Dues & Subscriptions	200.00	666.68	-466.68
54200 Meetings & Conferences	477.49	733.32	-255.83
54300 Training	4,679.93	8,000.00	-3,320.07
54400 Uniforms	2,248.62	11,666.68	-9,418.06
54500 Books & Periodicals		500.00	-500.00
54600 Pre-Employment Examinations	333.00	1,666.68	-1,333.68
Total 54000 Personnel Services	\$ 7,939.04	\$ 23,233.36	(15,294.32)
55000 Commodities			0.00
55100 Office Supplies		333.32	-333.32
55200 Telephone	2,712.77	4,166.68	-1,453.91
55300 Printing/Copy Machine Supplies	212.54	333.32	-120.78
55400 Postage	78.00	166.68	-88.68
55700 Work Supplies	27,788.72	30,666.68	-2,877.96
Total 55000 Commodities	\$ 30,792.03	\$ 35,666.68	(4,874.65)
56000 Maintenance			0.00
56100 Building Maintenance		333.32	-333.32
56200 Truck Maintenance	3,847.85	13,333.32	-9,485.47
56250 Vehicle Maintenance (DPW)	1,026.82		1,026.82
56260 Vehicle Maintenance Labor (DPW)		20,923.32	-20,923.32
56300 Fuel	3,004.22	10,666.68	-7,662.46
56400 Equipment Repairs/Small Tools	5,020.08	5,000.00	20.08
Total 56000 Maintenance	\$ 12,898.97	\$ 50,256.64	(37,357.67)
57000 Insurance			0.00
57100 Liability insurance	8,379.75	13,333.32	-4,953.57
57200 Vehicle Insurance	4,361.00	7,414.32	-3,053.32
57300 Workers Compensation Insurance	14,133.00	18,333.32	-4,200.32
57400 Property Insurance		869.00	-869.00
57500 EAP		2,000.00	-2,000.00
57600 Cyber Crime Insurance	547.75		547.75

57700 Accident Insurance	5,909.00		5,909.00
57800 Crime Insurance	183.00		183.00
Total 57000 Insurance	\$ 33,513.50	\$ 41,949.96	(8,436.46)
670100 Personnel Wages			0.00
670101 Regular Employees-Salary, FT, PT	485,728.76	519,629.32	-33,900.56
670150 EMS Call Wages	90,892.04	84,273.32	6,618.72
670151 Fire Call Wages	47,769.85	55,058.00	-7,288.15
670160 Station Work Wages	0.00		0.00
670161 Vehicle Inspection Wages	2,853.33	7,069.32	-4,215.99
670162 Training Wages	19,153.86	18,126.00	1,027.86
670171 On Call Hours Wages	46,156.84	44,694.00	1,462.84
670173 Paramedic POP	72,154.82	51,127.68	21,027.14
670175 Employee on Premise Wages	3,528.61		3,528.61
Total 670100 Personnel Wages	\$ 768,238.11	\$ 779,977.64	(11,739.53)
673100 Fringe Benefits			0.00
673101 Social Security	58,746.60	59,668.32	-921.72
673105 WRS	87,005.60	79,504.68	7,500.92
673201 Health Insurance	90,421.18	88,070.32	2,350.86
673203 Life Insurance	1,162.50	669.32	493.18
Total 673100 Fringe Benefits	\$ 237,335.88	\$ 227,912.64	9,423.24
Total Expenditures	\$ 1,128,776.66	\$ 1,209,930.24	(81,153.58)

* \$67,000 / 670101 Regular Employees-Salary of Personnel Wages are Earmarked for 2026 Holiday Checks Paid in Dec.

* \$63,000 / 56260 Vehicle Maintenance Labor (DPW) has not been yet

* \$35,000 / 54400 UniformsTurnout Gear Not Purchased until December



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Commission
FROM: Fire Chief David L Bialk
DATE: May 13, 2026
SUBJECT: Strategic Plan Update

Background

At the September 10, 2025, SOFD Board meeting, the Board formally adopted a five-year strategic plan for the Southern Ozaukee Fire Department. The plan represented the culmination of nine months of work by Board members Lynn Streeter and Doug Chimenti. It incorporated input from both internal and external stakeholders, as well as revisions made by Board members.

Analysis

The strategic plan is organized into five key initiatives: People, Operations, Community, Facilities, and Financial Planning. Each initiative includes specific objectives with defined timelines for completion. The following outlines the initiatives and objectives targeted for completion in 2026.

The plan focuses on strengthening the department across five core areas:

- **People:** Build a strong workforce through individualized development plans, a unified culture, adequate staffing, specialized training, and leadership development.
- **Operations:** Ensure continuity and stability by preparing personnel for advancement through structured succession planning.
- **Community:** Reduce emergency demand by increasing public engagement, education, and prevention efforts.
- **Facilities:** Plan, analyze, and develop modern, scalable facilities—including stations and a regional training center—to meet current and future needs.
- **Financial Planning:** Secure long-term sustainability through funding advocacy, competitive compensation, and intergovernmental agreements.

The 2025 adopted strategic plan progress tracking document is attached for review.

Fiscal Impact

None at this time.

Recommendation

None at this time.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department



Strategic Plan Progress

Updated 12/31/25

Updated 1/31/26

Updated 2/28/26

Updated 3/31/26

Updated 5/1/26

Strategic Initiative #1: People

Objective 1: Create an employee-driven, individualized development plan tailored to both interest and needs				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Plan professional development process	Individual plans that are documented, implemented, and periodically evaluated	Deputy Chief	2026							The Deputy Chief met with each Command Officer to assess their needs
Objective 2: Develop a unified culture				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Conduct internal department assessment of current culture	Data and shared results	Fire Chief	2026							Employee engagement survey is completed and ready to distributed to the members
b) Create a culture committee representative of all department members	Recommendations for improvement	Fire Chief	2026							
c) Communicate and implement recommendations	Inform staff via clear and concise communications	Fire Chief	2026							
d) Re-evaluate/re-engage employees	Data, next steps	Fire Chief	Ongoing							
Objective 3: Ensure sufficient personnel to respond to emergencies				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Review current staffing levels and need for future staffing	Recommendations for current & future staffing Complete	Fire Chief	2026							
b) Cost-Benefit Analysis	comprehensive cost-benefit analysis of available options	Fire Chief	2026							
c) Determine funding sources; incorporate into annual budget	Funding sources identified	Fire Chief	2026							
d) Recruit and hire additional personnel	Hire and on-board staff	Fire Chief	2026							

Objective 4: Establish distinctive skills training tailored to groups that ensures a coordinated team response				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Determine needs of the SOFD and interested individuals	Identify growth opportunities	Deputy Chief	2026							
b) Identify training resources	Specify internal and external resources	Deputy Chief	2027							
c) Implement Training	Trained instructors, adequate equipment, trained personnel	Deputy Chief	Ongoing							
Objective 5: Establish leadership & soft skills training				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Determine needs of the SOFD	Identify growth opportunities	Fire Chief	2026							3 current Command staff attended the Midwest Leadership Institute, remaining two are scheduled for fall of 2026. 3 Command staff attending leadership training in Madison as part of the Chief Conference
b) Identify training resources on leadership development	Specify resources	Fire Chief	2026							
c) Implement leadership training	Group classes and a trained staff	Fire Chief	Ongoing							
Objective 6: Partner with educational institutions and formalize agreements that improve hiring pipeline and retention strategies for the Department				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Develop formal agreements	Agreements with colleges for dual credit, reduced tuition or reimbursement	Fire Chief	2028							
b) Shared resources are identified and utilized	Create shared resources like training facilities, housing at CUW	Fire Chief	2028							
c) Create community support for aspiring employees	Work with local foundations to create scholarships & programs	Fire Chief	2028							

Strategic Initiative #2: Operations

Objective 1: Utilize accreditation process to self-assess strengths, weaknesses, and requirements

Tactic	Outcome	Accountability	Timeframe	Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
a) Utilize Center for Public Safety Excellence Self-Assessment Guide to review accreditation process	SOFD is fully accredited with zero deficiencies	Deputy Chief	2030							
b) Identify deficiencies that can be corrected in 12 months or less	Plan established within current budget to correct deficiencies identified in accreditation report	Deputy Chief	2031							
c) Identify deficiencies that can be corrected within 12-24 months	Plan established with future budget allocations necessary to correct deficiencies identified in accreditation report	Deputy Chief	2032							

Objective 2: Advance technology integration and processes to optimize response times

Tactic	Outcome	Accountability	Timeframe	Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
a) Reduce response times by utilizing CAD and incorporating concepts into future development plans and infrastructure	Technology Integration established, and program established to use AI, CAD and other technological advances to reduce response times	Deputy Chief	2027							
b) Develop technology training for current and future equipment and processes	SOFD personnel can operate and maintain all technological equipment and data entry	Deputy Chief	2027							
c) Create a data repository that tracks response times, current and future population trends, and other data that helps SOFD meet current and future needs and response times	Capture data, trends and conduct analysis of SOFD's current state, and project where SOFD needs to be in five years	Deputy Chief	2027							

Objective 3: Establish protocols for succession planning				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Develop staffing plan that includes organizational chart and job position descriptions	Collectively detail the structure, roles, and staffing levels	Fire Chief	2026							
b) Establish training and leadership development plan for succession and promotion	Each member has a career progression plan in place and is trained to assume the next higher level of position, responsibility	Fire Chief	2026							Acting BC book underway
c) Create detailed job descriptions for each position so members can assume the activities of a supervisor/manager	Permit subordinates the ability to assume leadership positions in case of unforeseen leadership vacancies	Fire Chief	2026							
Objective 4: Leverage regional enabling agreements (e.g., MOU, IGA) to align education & training needs with curricula offered by MATC, etc.				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Produce list of required classes which are to be provided at MATC	County-wide agreement with MATC to facilitate and guarantee classes semi-annually to meet Fire & EMS needs	Fire Chief	2027							
b) Develop county-wide list of personnel requiring classes at MATC for Fire & EMS employment or continuing education	A county-wide list developed to showcase the need to MATC for classes to be added to schedule each semester	Fire Chief	2027							

Strategic Initiative #3: Community

Objective 1: Enhance the community's ability to increase personal safety and reduce risk

Tactic	Outcome	Accountability	Timeframe	Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
a) Connect with community in non-emergency settings to reduce emergency calls	Provide preventive, follow-up care, and non-emergency services	EMS Chief	2026							
b) Implement a multi-faceted community outreach program (e.g., paramedicine program)	Create databases to track outreach efforts (e.g., schools, parades, local functions, social media)	CRR Chief	2027							
c) Make state of current facilities visible in the community	Host adult ride-along, citizen Fire/EMS academy, birthday parties	CRR Chief	2027							

Objective 2: Promote prevention and safety by conducting thorough inspections of businesses to ensure compliance and minimize risk

Tactic	Outcome	Accountability	Timeframe	Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
a) Make this a positive activity	Highlight successful inspections, create business ambassadors	CRR Chief	2027							
b) Manage the inspection process	Share data w/ City and Village permit systems	CRR Chief	2027							
c) Create proactive ways to manage inspections	Create best practice tip sheet for the community	CRR Chief	2026							

Objective 3: Collaborate with senior living facilities, and train their staff to review practices

Tactic	Outcome	Accountability	Timeframe	Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
a) Review current senior living facility practices	Review care facility call volume data	Deputy Chief	2027							
b) Assess data and develop appropriate plan	Review of data from care facilities use of 911	Deputy Chief	2028							
c) Develop and implement education plan	Address highest calls, fall prevention, 911 calling	Deputy Chief	2029							
d) Re-assess data and modify plans as needed	Determine impact(s) on 911 service	Deputy Chief	2030							

Strategic Initiative #4: Facilities

Objective 1: Develop and prioritize partnerships for facility use and development				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Ensure future station locations are scalable to long- term needs (e.g., community growth, future consolidation?)	Station location(s) meet current and future needs based on long-term plans	Fire Chief	2026							February 2025 Advanced Selection delivered a fire station location analysis
b) Examine opportunities for equipment sharing, joint purchasing, etc.	Coordinate with other agencies to share and maintain excess equipment	Fire Chief	2026							
c) Determine training needs, props to be incorporated into any new facilities (e.g., firearms range)	New facility has adequate land and building space for training facilities and/or training props	Fire Chief	2026							
d) Complete benchmarking analysis of size & cost of other area public facility construction projects	Inventory of area police & fire facility projects from 2010 - present	Fire Chief	2026							
e) Determine other community needs to be or that can be accommodated within new facilities (e.g., Interfaith Caregivers)	Examine opportunities for partnerships, service-sharing with other agencies, not-for-profits, etc.	Fire Chief, Deputy Chief, Battalion Chiefs	2026							
Objective 2: Conduct analysis of future station(s) needs & requirements				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Space needs analysis	Contract firm to conduct analysis of space needs for SOFD	Fire Chief	Complete							fgma completed a space needs study in early 2025
b) Determine combined Police/Fire building or stand- alone facilities	Analyze feasibility of a combined public safety center based on available space, needs, cost, response times, etc.	City of Mequon, Village of Thiensville, SOFD Board, etc.	2026							fgma has completed the analysis and will present to City officials on 6/4/26
c) Station location analysis	Complete analysis of response times to determine general geographic areas suitable for future station locations	Fire Chief	2026							

d) Update inventory of potential sites	Evaluate and determine appropriate sites for further (cost-benefit) analysis	Fire Chief	2026								
e) Cost-benefit analysis	Complete comprehensive cost-benefit analysis of available options	Fire Chief	2026								
f) Land acquisition	Negotiate, finance and acquire any identified real estate needed for future station construction	City Administrator	2026								
Objective 3: Construct/renovate facilities				Planned	Initiated	In Progress	On Track	Completed	Paused		
Tactic	Outcome	Accountability	Timeframe								Notes
a) Engage architectural, engineering, other firms as needed	Professional firms engaged to prepare detailed design documents for approval, bidding	Fire Chief	2026								fgma to conduct facilities assessment March- May
b) Designate internal project team	Project team consisting of representatives from Mequon and Thiensville established	Fire Chief	2026								
c) Approve design	Design(s) approved by City, Village, SOFD Board	Fire Chief	2026								
d) Finalize project financing	Prepare for and secure debt-issued financing based on approved cost-sharing formula between City, Village & SOFD	Fire Chief	2026								
e) Bid project(s)	Project(s) competitively bid for award	Fire Chief	2027								
f) Award contracts	Construction contract(s) awarded to low responsible bidder(s)	Fire Chief	2027								
g) Manage project & construct facility(s)	Construction management firm & project team oversee facility construction, completion	Fire Chief	2027								

Objective 4: Plan regional training center for Fire, EMS & other potential agencies/partners				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Determine interest & key stakeholders	Solicit interest from area agencies (e.g., police, fire, public works, utilities, etc.) and confirm participants	Fire Chief	2029							
b) Site selection/facility	Evaluate and determine appropriate sites for further analysis; complete comprehensive cost-benefit analysis of available options; negotiate, finance and acquire identified real estate needed for future facility	Fire Chief	2029							
c) Determine funding sources	Establish financing formulas for facility construction and ongoing operations among project participants; identify available grant funding opportunities to offset initial or ongoing costs	Fire Chief	2029							
d) Establish governing structure	Develop intergovernmental agreement, by-laws, operating budget and other documents to specify how facility will be operated	Fire Chief	2030							
e) Design-bid-construct	Professional firms engaged to prepare detailed design documents for approval, bidding; competitively bid for award; construction management firm & project team oversee facility construction, completion	Fire Chief	2030							

f) Operationalize & market facility availability	Fully outfit newly constructed/remodeled facility for operational use & training; develop materials and market availability of facility to other agencies in region	Fire Chief	2031								
--	---	------------	------	--	--	--	--	--	--	--	--

Strategic Initiative #5 Financial Planning

Objective 1: Advocate for legislative review of funding				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Meet with other County departments to determine position/funding needs/goals	Identify unified goals/narratives	Fire Chief	2026							
b) Draft and disseminate formal deliverable (position letter, funding analysis)	Communicate funding needs effectively to appropriate officials	Deputy Chief	2027							
c) Seek support from external organizations (e.g., League of Wisconsin Municipalities, other organizations to assist)	Build regional or statewide support	Fire Chief	2028-2029							
Objective 2: Create financial partnerships				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Identify goals and explore partnership opportunities internally and externally	Create list of viable financial partnership options; identify internal opportunities; coordinate discussions with other departments for ideas or larger opportunities	Fire Chief, Deputy Chief	2027							
b) Identify potential partners and initiate contact	Begin partnership discussions	Fire Chief	2028							
c) Negotiate terms with selected partners	Finalize partnership agreement(s)	Fire Chief	2030							

Objective 3: Conduct personnel compensation study				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Review current compensation study and determine if an internal or external update is needed	Define scope and process	Fire Chief	Complete							August 2025 the Fire Chief engaged mgt to update the compensation study completed for the City of Mequon in 2023. The adjustments were implemented in the budget for 2026.
b) Identify reasonable party to conduct the review (internal staff or external via RFP)	Assign lead for project	Fire Chief	2025							
c) Complete study	Final document	Fire Chief	2025							
d) Implement recommendations	Implement compensation recommendations into future budget cycles	Fire Chief	2025							

Objective 4: Negotiate future intergovernmental agreement				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Ascertain desire of communities to continue	SOFD/Board/Council directive to negotiate renewal	City & Village Administrators	2026							
b) Establish capital funding plan for apparatus, equipment and facilities	Multi-year (5-10) capital budget	City & Village Administrators	2026-2031							
c) Explore financing options (bonding, levy, service fees, impact fees, fundraising, municipal funding formulas)	Develop sustainable funding sources/formulas	City & Village Administrators	Ongoing							

Objective 5: Resource sharing with neighboring departments				Planned	Initiated	In Progress	On Track	Completed	Paused	Notes
Tactic	Outcome	Accountability	Timeframe							
a) Meet with other departments in County to determine and understand shared needs and opportunities	Identify key contacts, list of resources and potential efficiencies	Deputy Chief	2027							

b) Negotiate formal resource-sharing agreements with other departments and/or County	Final agreement	Fire Chief	2028							
--	-----------------	------------	------	--	--	--	--	--	--	--



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Deputy Chief Nicholas Boehlke
DATE: May 13, 2026
SUBJECT: Fire Inspection Fee Schedule Review and Adjustment

Background

SOFD conducts routine fire prevention inspections to promote life safety, ensure compliance with fire codes, and reduce community risk. Inspection fees are intended to provide a reasonable level of cost recovery and support the department's overall operations.

The current inspection fee schedule has remained unchanged for several years. During that time, the department's operating costs have increased, placing additional pressure on the budget.

As part of a periodic review of fees, staff evaluated regional practices to ensure its structure remains appropriate and competitive.

Analysis

Regular review of user fees is a standard financial practice to ensure they remain aligned with comparable communities and contribute appropriately to municipal revenues.

The department's current inspection fees fall below those commonly charged in the region. This creates a gap in revenue potential and results in a greater reliance on general tax support than necessary.

Updating the fee schedule would:

- Increase revenue generated through user fees
- Support a more balanced funding approach between user fees and tax levy
- Better align the department with regional norms

Several comparable community fee structures were used as a reference point to ensure the proposed adjustments are reasonable and consistent with market expectations. Additional detail is provided in the attached Fire Inspection Fee Comparison.

Fiscal Impact

The proposed adjustment is expected to generate an additional \$65,580 in annual revenue.

Recommendation

Staff recommends reviewing and approving the proposed increase.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department

Fire Inspection Fee Comparison

Proposed Building Size Category	#	Cedarburg		Brookfield		Western Lakes		Recommendation	
Under 1,000 square feet	8	\$15.00	\$120.00	\$76.46	\$611.68	\$100.00	\$800.00	\$30.00	\$240.00
1,001-5,000 square feet	140	\$25.00	\$3,500.00	\$76.46	\$10,704.40	\$150.00	\$21,000.00	\$40.00	\$5,600.00
5,001-10,000 square feet	148	\$50.00	\$7,400.00	\$158.54	\$23,463.92	\$225.00	\$33,300.00	\$50.00	\$7,400.00
10,001-20,000 square feet	104	\$100.00	\$10,400.00	\$158.54	\$16,488.16	\$300.00	\$31,200.00	\$100.00	\$10,400.00
20,001-30,000 square feet	49	\$150.00	\$7,350.00	\$225.76	\$11,062.24	\$450.00	\$22,050.00	\$200.00	\$9,800.00
30,000-40,000 square feet	22	\$200.00	\$4,400.00	\$225.76	\$4,966.72	\$450.00	\$9,900.00	\$300.00	\$6,600.00
40,001-50,000 square feet	10	\$300.00	\$3,000.00	\$225.76	\$2,257.60	\$450.00	\$4,500.00	\$400.00	\$4,000.00
50,001-75,000 square feet	20	\$400.00	\$8,000.00	\$310.21	\$6,204.20	\$600.00	\$12,000.00	\$500.00	\$10,000.00
75,001-100,000 square feet	12	\$500.00	\$6,000.00	\$379.21	\$4,550.52	\$750.00	\$9,000.00	\$600.00	\$7,200.00
Over 100,000 square feet	22	\$1,000.00	\$22,000.00	\$453.30	\$9,972.60	\$1,000.00	\$22,000.00	\$1,000.00	\$22,000.00
			\$72,170.00		\$90,282.04		\$165,750.00		\$83,240.00

Current			
Building Size	#	Current	Total
Under 25,000 Square Feet	432	\$20.00	\$8,640.00
25,001-50,000 Square Feet	49	\$40.00	\$1,960.00
50,001-75,000 Square Feet	20	\$60.00	\$1,200.00
75,001-100,000 Square Feet	12	\$80.00	\$960.00
100,001-125,000 Square Feet	8	\$100.00	\$800.00
125,001-150,000 Square Feet	1	\$120.00	\$120.00
Each 25,000 Over		\$20.00	\$0.00
	5	\$140.00	\$700.00
	2	\$200.00	\$400.00
	1	\$240.00	\$240.00
	1	\$280.00	\$280.00
	1	\$360.00	\$360.00
	1	\$440.00	\$440.00
	1	\$520.00	\$520.00
	1	\$1,040.00	\$1,040.00
			\$17,660.00



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Deputy Chief Nicholas Boehlke
DATE: May 13, 2026
SUBJECT: Mequon Public Safety Building Assessment Study

Background

The Southern Ozaukee Fire Department (SOFD) Headquarters Renovation Study was initiated on February 23, 2026, with a kickoff meeting involving the City of Mequon, SOFD, Police Department, and FGMArchitects. The study evaluates the Mequon Public Safety Building and compares two options: renovation of the existing facility or demolition and construction of a new building. The results of the assessment will be presented to the Common Council on June 4, 2026.

Timeline of Mequon Public Safety Building

- **1985** – Groundbreaking; construction cost \$2.4 million.
- **2018** – Facilities study rated the building “Fair”; projected decline to “Poor” by 2020 without improvements. ADA deficiencies, aging infrastructure, parking limitations, and operational inefficiencies noted.
- **2019** – Study recommended renovation of current facilities or construction of new fire stations.
- **2021** – Public Policy Forum began work on Ozaukee County Fire Department Study.
- **2022** – Merger talks for a joint Mequon and Thiensville fire department; Strategic Plan directs comprehensive space and land use analysis for public safety facilities.
- **2023** – Southern Ozaukee Fire Department formed; RFP issued for public safety space needs assessment; FGM Architects selected for operational and facility analysis.
- **2024** – Space Needs Analysis recommended:
 - Combined Public Safety Facility: 78,590 sq. ft. (current: 45,154 sq. ft.), minimum 7-acre site (current: 2.56 acres)
 - Second Fire Station: 22,500 sq. ft. (current East Side Station: 8,725 sq. ft.), minimum 3-acre site
- **2025** – Fire Department Strategic Plan directs addressing station facilities through remodel or new construction; City financial planning workshop assesses repurposing options for the current Public Safety Building.

Analysis

On April 27, 2026, FGMArchitects met with Fire Department staff and City of Mequon administrative officials to discuss potential options for reusing or relocating the existing Public Safety Building. FGMArchitects will provide additional details and present further information at the City of Mequon’s financial workshop scheduled for June 4, 2026.

Fiscal Impact

FGM Architects will develop an Opinion of Probable Cost for both renovation and new construction options, including:

- Estimated cost per square foot
- Partial or full demolition costs
- Potential temporary relocation expenses

No construction funding decisions will be made at this stage; the study will provide financial data to inform future capital planning and budget discussions.

Recommendation

None

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department