Lake Redstone Protection District

Financial Statements

Year Ended December 31, 2025

MBE CPAs, LLP
Certified Public Accountants

Lake Redstone Protection District

Table of Contents

Independent Accountant's Review Report

To the Board of Directors of:
Lake Redstone Protection District (a special purpose unit of government)
LaValle, WI

We have reviewed the accompanying financial statements of the governmental activities of Lake Redstone Protection District, which comprise the balance sheet – governmental funds – modified cash basis as of December 31, 2025, and the related statement of revenues, expenditures, and change in fund balance – governmental funds – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Lake Redstone Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in the budgetary comparison schedule - governmental funds - modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

MBE CPAs, LLP

Reedsburg, WI
July 14, 2026

Lake Redstone Protection District
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2025

	Governmental Funds		
	General Fund	**Capital Asset Fund**	**Total Governmental Funds**
Assets			
Current Assets			
Cash and cash equivalents	$ 221,987	$ -	$ 221,987
Total Current Assets	221,987	-	221,987
Other Assets			
Land	-	233,946	233,946
Total Other Assets	-	233,946	233,946
Total Assets	$ 221,987	$ 233,946	$ 455,933
Liabilities and Fund Balance			
Current Liabilities			
Bank note payable - current portion	$ 333,221	$ -	$ 333,221
Total Current Liabilities	333,221	-	333,221
Long-Term Liabilities			
Bank note payable, net of current portion	1,029,807	-	1,029,807
Total Long-Term Liabilities	1,029,807	-	1,029,807
Total Liabilities	1,363,028	-	1,363,028
Fund Balance			
Restricted fund balance	10,000	-	10,000
Committed fund balance	191,080	-	191,080
Unassigned fund balance (deficit)	(1,342,121)	233,946	(1,108,175)
Total Fund Balance	(1,141,041)	233,946	(907,095)
Total Liabilities and Fund Balance	$ 221,987	$ 233,946	$ 455,933

The notes to the financial statements are an integral part of this statement.

Lake Redstone Protection District
Statement of Revenues, Expenditures, and Change in Fund Balance –
Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2025

	General Fund
Operating Revenues	
Tax levy	$ 466,200
DNR grants	1,000
County grants	14,069
Other income	1,631
Interest income	7,265
Total Operating Revenues	490,165
Operating Expenses	
Aquatic plant management	2,715
Goose control	4,598
Grant expenditures	84,088
Insurance	1,772
Interest expense	22,623
Lake management	4,957
Lake monitoring	6,663
Newsletter	4,174
Office and administration	4,913
PLRW field day	1,000
Pontoon and buoys	1,019
Professional services	4,385
Property owners for runoff incentive	7,247
Salaries, wages, and payroll taxes	12,156
Shoreline assessment	773
Total Operating Expenses	163,083
Increase (Decrease) in Fund Balance	327,082
Fund Balance – Beginning of Year	(1,468,123)
Fund Balance – End of Year	$ (1,141,041)

The notes to the financial statements are an integral part of this statement.

Note A – Summary of Significant Accounting Policies

Reporting Entity

Lake Redstone Protection District (the District) is a governmental unit with a mission to protect and rehabilitate the water quality of Lake Redstone, which is located in Wisconsin. All significant financial activities incurred, related to the mission, have been included in the statement of revenues, expenditures, and change in fund balance – governmental funds – modified cash basis for the year ended December 31, 2025. The District was created and operates under the laws of the State of Wisconsin and Chapter 33 of the Wisconsin Statutes.

Basis of Accounting

The District reports its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the District has not recognized accounts receivable or accounts payable and their related effects on earnings in the accompanying financial statements.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The fund financial statements are reported using the current financial resources measurement focus and a prescribed basis of accounting that demonstrates compliance with the modified cash basis. Operating statements of these funds present increases (revenues collected) and decreases (expenditures paid) in cash. The modified cash basis recognizes assets, liabilities, fund balance, revenues and expenses when they result from cash transactions with a provision for real property in the capital fund financial statements.

Basis of Presentation – Fund Financial Statements

Fund financial statements are reported using the current financial resources measurement focus and a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Wisconsin. The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's cash, fund equity, receipts, and disbursements, as appropriate. The fund statements provide information about the District's funds. The District has only governmental funds.

The District reports the following governmental funds:

General Fund – The general fund is used to account for all of the District's financial resources, except those required to be accounted for in the capital asset fund.

Capital Asset Fund – The capital asset fund is used to account for capital assets held by the District that are not to be consumed in the ordinary operation of the District.

Note A – Summary of Significant Accounting Policies (continued)

Budgetary Information

The District prepares an annual budget for its operations which is approved annually by District members. The budget is prepared on the modified cash basis of accounting as described above. All appropriations lapse at year-end.

Equity

In the governmental fund financial statements, equity is classified as fund balance. In accordance with professional standards, more clearly defined fund balance categories are presented to make the nature and extent of the constraints placed on a fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used.

Non-Spendable – Amounts that are not in a spendable form or are required to be maintained intact. As of December 31, 2025, the District's fund balance did not consist of any non-spendable fund balances.

Restricted – Amounts constrained to specific purposes either 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation. As of December 31, 2025, the District had a $10,000 restricted fund balance for project restoration costs.

Committed – Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. As of December 31, 2025, the District had a total of $191,080 committed fund balances. Of the committed balance, $19,628 was committed for the extinguishment of debt related to the dredging project and $171,452 was committed for funding future repairs and maintenance of Lake Redstone and equipment.

Assigned – Amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. As of December 31, 2025, the District's fund balance did not consist of any assigned fund balances.

Unassigned – All remaining balances. Amounts are available for any purpose.

The District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the District. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital funds or for other purposes). When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned.

Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, demand deposits, non-negotiable certificates of deposit and short-term investments with original maturities of three months or less, from the date of acquisition.

Note A – Summary of Significant Accounting Policies (Continued)

Taxes and Assessments

District taxes are levied as part of the landowner's overall real estate taxes. The taxes are levied each year end by the District Board in conjunction with the adoption of the annual budget for the ensuing fiscal year. Levies are based on assessed property values for parcels within the District. Real estate taxes may be paid in two equal installments due January, 31 and July, 31. The District portion of the tax payments are not directly remitted to the District. The District receives their portion of real estate taxes passed through from the Town in two installments in January and February. The final installment is distributed by the county in August each year.

Date of Management's Review

Management has evaluated subsequent events through July 14, 2026, the date on which the financial statements were available to be issued.

Note B – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; worker's compensation; and natural disasters. 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.

Note C – Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

Note D – Uninsured Cash

The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to $250,000. The District may, from time to time during the year, have balances in excess of the FDIC insured limits. At December 31, 2025, no cash balances at a single financial institution exceeded FDIC insured limits.

Note E – Commitments and Contingencies

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

Note F – Real Estate

Capital assets are generally defined by the District as assets with an estimated useful life in excess of one year. Capital assets of the District are recorded at cost or the fair market value at the time of contribution to the District. Capital assets in service are depreciated using the straight-line method over the useful lives for the asset. Land assets are not depreciated.

The District owns 7 parcels within Sauk County around Lake Redstone. The land is owned by the District to aid in flood control and run-off control.

Note G – Bank Note Payable

In 2020, the District obtained a bank note to complete special improvement projects within their boundaries. A special assessment is levied annually over district parcels to cover the required principal and interest payments of the note. For the year ended December 31, 2025, the District had a total bank note payable of $1,363,028. Of the total balance, $333,221 was considered current as of December 31, 2025. The note accrues interest at 1.39% and matures in 2029. The loan is secured by the full faith and credit and unlimited taxing powers of the District.

Scheduled principal payments of the bank note payable for the following years ending December 31 are as follows:

Year Ending	
2026	$ 333,221
2027	337,868
2028	342,581
2029	349,358
2030	-
Thereafter	-
Total	$ 1,363,028

Supplementary Information

Lake Redstone Protection District
Budgetary Comparison Schedule – Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance - Favorable (Unfavorable)
Budgetary Fund Balance, January 1	$ 223,250	$ 223,250	$ -
Resources (Inflows):			
Tax levy	466,200	466,200	-
DNR grants	1,000	4,000	(3,000)
County grants	14,069	-	14,069
Other income	1,631	2,000	(369)
Interest income	7,265	3,000	4,265
Amounts Available for Appropriation	490,165	475,200	14,965
Charges to Appropriations (Outflows):			
Aquatic plant management	2,715	15,000	12,285
Debt service:			
Principal	328,345	351,000	22,655
Interest	22,623	-	(22,623)
Education workshop	-	1,000	1,000
Goose control	4,598	5,000	402
Grant expenditures	84,088	-	(84,088)
Insurance	1,772	2,000	228
Lake management	4,957	23,200	18,243
Lake monitoring	6,663	29,000	22,337
Newsletter	4,174	4,000	(174)
Office and administration	4,913	4,500	(413)
PLRW field day	1,000	1,000	-
Pontoon and buoys	1,019	1,000	(19)
Professional services	4,385	8,500	4,115
Property owners for runoff incentive	7,247	15,000	7,753
Salaries, wages, and payroll taxes	12,156	14,000	1,844
Shoreline assessment	773	1,000	227
Total Charges to Appropriations (Outflows)	491,428	475,200	(16,228)
Increase (Decrease) in Fund Balance	(1,263)	-	(1,263)
Budgetary Fund Balance, December 31	$ 221,987	$ 223,250	

See independent accountant's review report.