Village of Kronenwetter, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019

Village of Kronenwetter, Wisconsin

DECEMBER 31, 2019

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ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

CliftonLarsonAllen LLP
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Independent auditors' report

To the Village Board
Village of Kronenwetter, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kronenwetter, Wisconsin (the "Village") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Park special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1.B., during 2019, the Village adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the Village established a custodial fund for taxes and specials collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pension on page 44 be presented to supplement the basic financial statements. Such information, although not 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's 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.

Prior-Year Comparative Information

We have previously audited the Village's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated August 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Kronenwetter, Wisconsin's basic financial statements as of and for the year ended December 31, 2018, which are not presented with the accompanying financial statements and expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Kronenwetter, Wisconsin's basic financial statements as a whole. The 2018 actual amounts in the general fund budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 actual amounts in the general fund budgetary comparison information are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
May 6, 2020

BASIC FINANCIAL STATEMENTS

Village of Kronenwetter, Wisconsin

STATEMENT OF NET POSITION
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals 2019	Totals 2018
ASSETS				
Cash and investments	$ 5,094,202	$ 1,209,380	$ 6,303,582	$ 8,859,195
Receivables				
Taxes and special charges	2,142,691	-	2,142,691	7,744,321
Delinquent taxes	669	-	669	544
Accounts, net	69,970	223,556	293,526	275,949
Special assessments	96,469	-	96,469	230,344
Other	-	18	18	17
Inventories and prepaid items	31,191	15,409	46,600	85,543
Restricted assets				
Cash and investments	2,721,338	553,988	3,275,326	3,149,920
Net pension asset	-	-	-	293,906
Preliminary survey	-	108,954	108,954	108,954
Capital assets, nondepreciable	2,275,630	117,209	2,392,839	3,047,275
Capital assets, depreciable	17,393,554	18,829,867	36,223,421	34,961,917
Total assets	29,825,714	21,058,381	50,884,095	58,757,885
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	945,984	52,515	998,499	545,782
LIABILITIES				
Accounts payable	326,411	18,722	345,133	155,564
Accrued and other current liabilities	147,655	6,930	154,585	127,541
Due to other governments	852	-	852	8,735,480
Accrued interest payable	85,998	-	85,998	68,050
Long-term obligations				
Due within one year	1,376,754	-	1,376,754	2,606,837
Due in more than one year	17,427,871	-	17,427,871	17,319,753
Net pension liability	347,697	19,083	366,780	-
Total liabilities	19,713,238	44,735	19,757,973	29,013,225
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	4,046,111	-	4,046,111	3,667,377
Pension related amounts	481,057	26,403	507,460	579,737
Total deferred inflows of resources	4,527,168	26,403	4,553,571	4,247,114
NET POSITION				
Net investment in capital assets	10,002,010	18,947,076	28,949,086	28,467,407
Restricted	644,466	-	644,466	668,824
Unrestricted	(4,115,184)	2,092,682	(2,022,502)	(3,092,903)
Total net position	$ 6,531,292	$ 21,039,758	$ 27,571,050	$ 26,043,328

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

Village of Kronenwetter, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 767,323	$ 133,840	$ 10,212	$ -
Public safety	1,361,334	144,668	69,752	-
Public works	2,127,069	351,530	365,269	-
Health and human services	2,755	-	-	-
Culture and recreation	161,984	5,839	2,688	-
Conservation and development	210,896	18,557	-	90,571
Interest and fiscal charges	593,251	-	-	-
Total governmental activities	5,224,612	654,434	447,921	90,571
BUSINESS-TYPE ACTIVITIES				
Water utility	545,697	730,597	-	9,450
Sewer utility	766,200	646,051	-	-
Total business-type activities	1,311,897	1,376,648	-	9,450
Total	$ 6,536,509	$ 2,031,082	$ 447,921	$ 100,021

General revenues
Taxes
Property taxes
Tax increments
Other taxes
Federal and state grants and other contributions not restricted to specific functions
Interest and investment earnings
Miscellaneous
Gain on sale of asset
Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

Governmental Activities	Business-type Activities	Totals 2019	Totals 2018
Net (Expense) Revenue and Changes in Net Position			
$ (623,271)	$ -	$ (623,271)	$ (706,613)
(1,146,914)	-	(1,146,914)	(1,057,218)
(1,410,270)	-	(1,410,270)	(1,392,936)
(2,755)	-	(2,755)	(2,215)
(153,457)	-	(153,457)	(55,919)
(101,768)	-	(101,768)	(58,173)
(593,251)	-	(593,251)	(598,477)
(4,031,686)	-	(4,031,686)	(3,871,551)
-	194,350	194,350	225,431
-	(120,149)	(120,149)	(46,958)
-	74,201	74,201	178,473
(4,031,686)	74,201	(3,957,485)	(3,693,078)
2,286,303	-	2,286,303	2,200,500
917,941	-	917,941	871,175
29,891	-	29,891	27,749
1,692,516	-	1,692,516	1,676,998
128,035	24,278	152,313	93,339
110,564	14,689	125,253	95,406
280,990	-	280,990	1,482
164,055	(164,055)	-	-
5,610,295	(125,088)	5,485,207	4,966,649
1,578,609	(50,887)	1,527,722	1,273,571
4,952,683	21,090,645	26,043,328	24,769,757
$ 6,531,292	$ 21,039,758	$ 27,571,050	$ 26,043,328

Village of Kronenwetter, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	General	Park	Debt Service	TID #1
ASSETS				
Cash and investments	$ 3,590,360	$ 40,104	$ 655,493	$ -
Restricted cash and investments	-	-	-	630,827
Receivables				
Taxes and special charges	719,733	-	690,129	184,292
Delinquent taxes	669	-	-	-
Accounts, net	25,729	-	-	-
Special assessments	-	-	96,469	-
Advance to other funds	34,750	-	-	-
Inventories and prepaid items	30,061	-	-	59
Total assets	$ 4,401,302	$ 40,104	$ 1,442,091	$ 815,178
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 87,030	$ 213,584	$ 214	$ 598
Accrued and other current liabilities	143,127	-	-	1,570
Advance from other funds	-	663,959	-	-
Due to other governments	852	-	-	-
Total liabilities	231,009	877,543	214	2,168
Deferred inflows of resources				
Property taxes levied for subsequent year	1,432,539	-	1,235,057	318,154
Fines receivable	-	-	-	-
Special assessments	-	-	96,469	-
Total deferred inflows of resources	1,432,539	-	1,331,526	318,154
Fund balances				
Nonspendable	64,811	-	-	59
Restricted	-	-	110,351	494,797
Committed	-	-	-	-
Assigned	1,362,000	-	-	-
Unassigned	1,310,943	(837,439)	-	-
Total fund balances	2,737,754	(837,439)	110,351	494,856
Total liabilities, deferred inflows of resources, and fund balances	$ 4,401,302	$ 40,104	$ 1,442,091	$ 815,178

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

TID #2	Other Governmental Funds	Totals 2019	Totals 2018
$ -	$ 808,245	$ 5,094,202	$ 7,902,893
1,907,524	182,987	2,721,338	2,602,616
367,482	181,055	2,142,691	7,744,321
-	-	669	544
-	44,241	69,970	48,905
-	-	96,469	230,344
629,209	-	663,959	34,750
103	968	31,191	70,711
$ 2,904,318	$ 1,217,496	$ 10,820,489	$ 18,635,084
$ 6,196	$ 18,789	$ 326,411	$ 130,722
686	2,272	147,655	119,045
-	-	663,959	34,750
-	-	852	8,735,480
6,882	21,061	1,138,877	9,019,997
727,516	332,845	4,046,111	3,667,377
-	44,241	44,241	43,139
-	-	96,469	230,344
727,516	377,086	4,186,821	3,940,860
103	968	65,941	105,461
2,169,817	134,729	2,909,694	3,152,544
-	684,602	684,602	622,807
-	-	1,362,000	705,000
-	(950)	472,554	1,088,415
2,169,920	819,349	5,494,791	5,674,227
$ 2,904,318	$ 1,217,496	$ 10,820,489	$ 18,635,084

Village of Kronenwetter, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	$ 5,494,791	$ 5,674,227
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	19,669,184	18,754,681
Long-term assets are not considered available; therefore, are not reported in the funds:		
Net pension asset	-	280,140
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	96,469	230,344
Fines receivable	44,241	43,139
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	945,984	517,377
Deferred inflows related to pensions	(481,057)	(552,585)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(18,435,000)	(19,530,000)
Premium on debt	(45,827)	(50,191)
Compensated absences	(150,760)	(151,524)
Net pension liability	(347,697)	-
Capital leases	(173,038)	(194,875)
Accrued interest on long-term obligations	(85,998)	(68,050)
Net position of governmental activities as reported on the statement of net position (see page 4)	$ 6,531,292	$ 4,952,683

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

Village of Kronenwetter, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Park	Debt Service	TID #1
REVENUES				
Taxes	$ 1,316,194	$ -	$ 1,000,000	$ 285,445
Special assessments	-	-	133,875	-
Intergovernmental	2,061,453	-	-	2,812
Licenses and permits	263,135	-	-	-
Fines and forfeits	21,594	-	-	-
Public charges for services	343,612	-	-	-
Intergovernmental charges for services	5,100	-	-	-
Miscellaneous	125,413	1,708	15,510	75,088
Total revenues	4,136,501	1,708	1,149,385	363,345
EXPENDITURES				
Current				
General government	632,420	-	-	-
Public safety	1,180,647	-	-	-
Public works	1,501,704	-	-	-
Health and human services	2,755	-	-	-
Culture and recreation	95,560	-	-	-
Conservation and development	49,862	-	-	47,342
Debt service				
Principal	21,837	-	850,000	1,575,000
Interest and fiscal charges	5,749	-	229,115	231,224
Capital outlay	27,289	922,804	-	126
Total expenditures	3,517,823	922,804	1,079,115	1,853,692
Excess of revenues over (under) expenditures	618,678	(921,096)	70,270	(1,490,347)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	1,490,000
Premium on debt issued	-	-	-	8,478
Payment to current noteholder	-	-	-	-
Proceeds from sale of capital assets	277,665	-	-	-
Transfers in	164,055	-	-	-
Transfers out	(221,348)	-	-	-
Total other financing sources (uses)	220,372	-	-	1,498,478
Net change in fund balances	839,050	(921,096)	70,270	8,131
Fund balances - January 1	1,898,704	83,657	40,081	486,725
Fund balances - December 31	$ 2,737,754	$ (837,439)	$ 110,351	$ 494,856

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

TID #2	Other Governmental Funds	Totals 2019	Totals 2018
$ 523,316	$ 109,180	$ 3,234,135	$ 3,099,437
-	-	133,875	147,697
44,825	25,968	2,135,058	2,126,427
-	-	263,135	115,935
-	12,621	34,215	31,948
-	-	343,612	410,730
-	1,113	6,213	6,079
50,397	102,616	370,732	250,475
618,538	251,498	6,520,975	6,188,728
-	40,969	673,389	679,109
-	20,654	1,201,301	1,136,475
-	-	1,501,704	1,417,476
-	-	2,755	2,215
-	43,410	138,970	136,051
87,621	29,397	214,222	182,524
110,000	50,000	2,606,837	1,618,571
76,318	45,739	588,145	615,238
170,313	598,781	1,719,313	671,917
444,252	828,950	8,646,636	6,459,576
174,286	(577,452)	(2,125,661)	(270,848)
-	-	1,490,000	1,290,000
-	-	8,478	27,911
-	-	-	(500,000)
-	6,027	283,692	27,000
-	221,348	385,403	220,660
-	-	(221,348)	(49,549)
-	227,375	1,946,225	1,016,022
174,286	(350,077)	(179,436)	745,174
1,995,634	1,169,426	5,674,227	4,929,053
$ 2,169,920	$ 819,349	$ 5,494,791	$ 5,674,227

Village of Kronenwetter, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	$ (179,436)	$ 745,174
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	1,716,212	620,481
Contributed capital assets	24,000	-
Depreciation expense reported in the statement of activities	(757,803)	(746,752)
Net book value of disposals	(67,906)	(25,518)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(132,773)	(151,286)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(1,490,000)	(1,290,000)
Premium on debt issued	(8,478)	(27,911)
Principal repaid	2,606,837	2,118,571
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(17,948)	9,905
Amortization of premiums, discounts and loss on advance refunding	12,842	6,856
Compensated absences	764	2,331
Net pension asset (liability)	(627,837)	355,907
Deferred outflows of resources related to pensions	428,607	(71,452)
Deferred inflows of resources related to pensions	71,528	(314,306)
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	$ 1,578,609	$ 1,232,000

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

Village of Kronenwetter, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive	2018
	Original	Final	Actual	(Negative)	Actual
REVENUES					
Taxes	$ 1,310,230	$ 1,315,970	$ 1,316,194	$ 224	$ 873,262
Intergovernmental	2,026,694	2,056,119	2,061,453	5,334	2,066,677
Licenses and permits	136,050	243,350	263,135	19,785	115,935
Fines and forfeits	24,000	24,000	21,594	(2,406)	20,341
Public charges for services	331,517	331,517	343,612	12,095	329,505
Intergovernmental charges for services	5,100	5,100	5,100	-	5,100
Miscellaneous	22,300	100,133	125,413	25,280	55,512
Total revenues	3,855,891	4,076,189	4,136,501	60,312	3,466,332
EXPENDITURES					
Current					
General government	757,382	757,382	632,420	124,962	638,719
Public safety	1,305,065	1,306,945	1,180,647	126,298	1,090,495
Public works	1,515,563	1,582,563	1,501,704	80,859	1,417,476
Health and human services	2,755	2,755	2,755	-	2,215
Culture and recreation	133,456	133,456	95,560	37,896	86,595
Conservation and development	45,440	50,705	49,862	843	45,872
Debt service					
Principal	-	-	21,837	(21,837)	21,211
Interest and fiscal charges	-	-	5,749	(5,749)	6,375
Capital outlay	21,650	21,650	27,289	(5,639)	86,296
Total expenditures	3,781,311	3,855,456	3,517,823	337,633	3,395,254
Excess of revenues over expenditures	74,580	220,733	618,678	397,945	71,078
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	500	262,520	277,665	15,145	-
Transfers in	157,000	157,000	164,055	7,055	191,879
Transfers out	(228,421)	(228,421)	(221,348)	7,073	(28,781)
Total other financing sources (uses)	(70,921)	191,099	220,372	29,273	163,098
Net change in fund balance	3,659	411,832	839,050	427,218	234,176
Fund balance - January 1	1,898,704	1,898,704	1,898,704	-	1,664,528
Fund balance - December 31	$ 1,902,363	$ 2,310,536	$ 2,737,754	$ 427,218	$ 1,898,704

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

Village of Kronenwetter, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PARK SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive	2018
	Original	Final	Actual	(Negative)	Actual
REVENUES					
Intergovernmental	$ 281,000	$ 281,000	$ -	$ (281,000)	$ -
Public charges for services	-	-	-	-	81,225
Miscellaneous	400	400	1,708	1,308	1,065
Total revenues	281,400	281,400	1,708	(279,692)	82,290
EXPENDITURES					
Capital outlay	969,800	969,800	922,804	46,996	27,185
Excess of revenues over (under) expenditures	(688,400)	(688,400)	(921,096)	(232,696)	55,105
OTHER FINANCING SOURCES					
Transfers in	169,500	169,500	-	(169,500)	-
Net change in fund balance	(518,900)	(518,900)	(921,096)	(402,196)	55,105
Fund balance - January 1	83,657	83,657	83,657	-	28,552
Fund balance - December 31	$ (435,243)	$ (435,243)	$ (837,439)	$ (402,196)	$ 83,657

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

Village of Kronenwetter, Wisconsin

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals 2019	Totals 2018
ASSETS				
Current assets				
Cash and investments	$ 342,726	$ 866,654	$ 1,209,380	$ 956,302
Receivables				
Customer accounts	117,945	105,611	223,556	227,044
Other	18	-	18	17
Inventories and prepaid items	12,770	2,639	15,409	14,832
Total current assets	473,459	974,904	1,448,363	1,198,195
Noncurrent assets				
Restricted assets				
Cash and investments	276,994	276,994	553,988	547,304
Other assets				
Net pension asset	-	-	-	13,766
Preliminary survey	108,954	-	108,954	108,954
Total other assets	108,954	-	108,954	122,720
Capital assets				
Nondepreciable	117,209	-	117,209	117,209
Depreciable	9,298,260	9,531,607	18,829,867	19,137,302
Total capital assets	9,415,469	9,531,607	18,947,076	19,254,511
Total assets	10,274,876	10,783,505	21,058,381	21,122,730
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	26,003	26,512	52,515	28,405
LIABILITIES				
Current liabilities				
Accounts payable	730	17,992	18,722	24,842
Accrued and other current liabilities	3,465	3,465	6,930	8,496
Total current liabilities	4,195	21,457	25,652	33,338
Long-term obligations, less current portion				
Net pension liability	9,426	9,657	19,083	-
Total liabilities	13,621	31,114	44,735	33,338
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	13,042	13,361	26,403	27,152
NET POSITION				
Net investment in capital assets	9,415,469	9,531,607	18,947,076	19,254,511
Restricted	-	-	-	13,766
Unrestricted	858,747	1,233,935	2,092,682	1,822,368
Total net position	$ 10,274,216	$ 10,765,542	$ 21,039,758	$ 21,090,645

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

Village of Kronenwetter, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals 2019	Totals 2018
OPERATING REVENUES				
Charges for services	$ 688,576	$ 594,179	$ 1,282,755	$ 1,302,841
Other	42,021	51,872	93,893	68,476
Total operating revenues	730,597	646,051	1,376,648	1,371,317
OPERATING EXPENSES				
Operation and maintenance	337,528	544,927	882,455	772,333
Depreciation	208,169	217,691	425,860	421,302
Taxes	-	3,582	3,582	4,363
Total operating expenses	545,697	766,200	1,311,897	1,197,998
Operating income (loss)	184,900	(120,149)	64,751	173,319
NONOPERATING REVENUES (EXPENSES)				
Interest income	8,568	15,710	24,278	17,984
Interest and fiscal charges	-	-	-	(375)
Amortization of debt discount/premium	-	-	-	5,529
Other nonoperating revenues (expenses)	14,689	-	14,689	16,225
Total nonoperating revenues (expenses)	23,257	15,710	38,967	39,363
Income (loss) before contributions and transfers	208,157	(104,439)	103,718	212,682
Capital contributions	9,450	-	9,450	-
Transfers out	(159,882)	(4,173)	(164,055)	(171,111)
Change in net position	57,725	(108,612)	(50,887)	41,571
Net position - January 1	10,216,491	10,874,154	21,090,645	21,049,074
Net position - December 31	$ 10,274,216	$ 10,765,542	$ 21,039,758	$ 21,090,645

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

Village of Kronenwetter, Wisconsin

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals 2019	Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 705,070	$ 647,065	$ 1,352,135	$ 1,335,220
Cash received from tower rental	28,000	-	28,000	28,000
Cash paid for employee wages and benefits	(117,065)	(97,096)	(214,161)	(192,455)
Cash paid to suppliers	(213,161)	(458,988)	(672,149)	(603,823)
Miscellaneous nonoperating income	14,689	-	14,689	16,225
Net cash provided by operating activities	417,533	90,981	508,514	583,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out	(159,882)	(4,173)	(164,055)	(171,111)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(108,975)	-	(108,975)	(120,649)
Principal paid on long-term debt	-	-	-	(112,640)
Interest paid on long-term debt	-	-	-	(1,126)
Net cash used by capital and related financing activities	(108,975)	-	(108,975)	(234,415)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	8,568	15,710	24,278	17,984
Change in cash and investments	157,244	102,518	259,762	195,625
Cash and investments - January 1	462,476	1,041,130	1,503,606	1,307,981
Cash and investments - December 31	$ 619,720	$ 1,143,648	$ 1,763,368	$ 1,503,606

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

Village of Kronenwetter, Wisconsin

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Utility	Sewer Utility	Totals 2019	Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 184,900	$ (120,149)	$ 64,751	$ 173,319
Miscellaneous nonoperating income	14,689	-	14,689	16,225
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	208,169	217,691	425,860	421,302
Depreciation charged to sewer utility	20,276	(20,276)	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Change in WRS asset/liability	16,096	16,753	32,849	(17,309)
Change in WRS deferred outflow	(12,115)	(11,995)	(24,110)	1,207
Change in WRS deferred inflow	(114)	(635)	(749)	16,009
Change in operating assets and liabilities				
Accounts receivables	2,473	1,014	3,487	(8,097)
Inventories and prepaid items	(474)	(103)	(577)	(1,307)
Accounts payable	(13,716)	7,596	(6,120)	(21,424)
Accrued and other current liabilities	(2,651)	1,085	(1,566)	3,242
Net cash provided by operating activities	$ 417,533	$ 90,981	$ 508,514	$ 583,167
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	$ 342,726	$ 866,654	$ 1,209,380	$ 956,302
Cash and cash equivalents in restricted assets	276,994	276,994	553,988	547,304
Total cash and investments	$ 619,720	$ 1,143,648	$ 1,763,368	$ 1,503,606
Noncash capital and related financing activities				
Developer and municipal contributed capital assets	$ 9,450	$ -	$ 9,450	$ -

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

Village of Kronenwetter, Wisconsin

STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	Tax Collection Custodial Fund
ASSETS	
Cash and investments	$ 4,353,734
LIABILITIES	
Due to other governments	$ 4,353,734

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

Village of Kronenwetter, Wisconsin

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Tax Collection Custodial Fund
ADDITIONS	
Property tax collections	$ 6,701,334
DEDUCTIONS	
Payments to taxing jurisdictions	6,701,334
Change in net position	-
Net position - January 1	-
Net position - December 31	$ -

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Kronenwetter, Wisconsin (the "Village"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

A. REPORTING ENTITY

The Village is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has identified the following component unit that is required to be included in the basic financial statements:

Redevelopment Authority

The Village Redevelopment Authority was created by the Village Board on July 21, 2004. The Redevelopment Authority currently serves the Village by issuing redevelopment revenue bonds with the debt proceeds being used to finance various tax incremental district projects. The bonds are scheduled to be repaid from tax increments collected on future tax rolls. Because the financial transactions are intermingled with the Village's tax incremental district transactions, the Redevelopment Authority is blended into the Village's financial statements. No new redevelopment revenue bonds were issued in 2019.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Park Fund
This fund accounts for resources accumulated and payments made for development of Village parks. The significant revenues for this fund are intergovernmental revenues, park dedication fees, and donations.

Debt Service Fund
This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Tax Incremental District No. 1 and 2 Capital Projects Fund
These funds are used to account for the project plan costs of both the Village's Tax Incremental District No. 1 and 2.

The Village reports the following major enterprise funds:

Water Utility Fund
This fund accounts for the operations of the Village's water utility.

Sewer Utility Fund
This fund accounts for the operations of the Village's sewer utility.

The Village also reports the following fiduciary fund:

Custodial Fund
The custodial fund accounts for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, Fiduciary Activities, they are now recorded in a custodial fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's water and sewer functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes and special charges not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

In addition to its levy, the Village also levies and collects taxes for the School District of Mosinee, School district of D.C. Everest, Marathon County, North Central Technical College and the State of Wisconsin.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. Governmental funds accounts receivable of $80,170 have been shown net of an allowance for uncollectible accounts of $10,200.

4. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements or internal Village requirements.

5. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.)

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as “advances to other funds” and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

7. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of $5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
Assets	Years	
Land improvements	10 - 20	10 - 20
Parks	7 - 20	7 - 20
Buildings and improvements	25 - 100	25 - 100
Machinery and equipment	3 - 10	3 - 10
Infrastructure	15 - 50	20 - 100

10. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for special assessments and fines receivable. These inflows are recognized as revenues in the government-wide financial statements.

12. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Village management. The Village Board has not authorized any Village official or committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-wide and Proprietary Fund Statements

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

- **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Village’s financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2019 as follows:

Funds	Excess Expenditures
General	
General Government	
Administrator	$ 281
Assessor	660
Public Works	
Solid waste/recycle collection	15,017
Debt Service	
Principal retirement	21,837
Interest and fiscal charges	5,749
Capital outlay	
Road equipment	1,611
Road construction	4,791
Police	237

C. DEFICIT FUND EQUITY

The following fund had deficit fund balance as of December 31, 2019:

Fund	Deficit Fund Balance
Park	$ 837,439

The Village anticipates funding the above deficit from future revenues of the fund.

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2019 budget was 2.61%. The actual limit for the Village for the 2020 budget was 4.34%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

> Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled $13,932,642 on December 31, 2019 as summarized below:

Petty cash and cash on hand	$ 161
Deposits with financial institutions	13,526,166
Investments	
Wisconsin local government investment pool	404,196
Repurchase agreement	2,119
	$ 13,932,642

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	$ 6,303,582
Restricted cash and investments	3,275,326
Custodial Fund Statement of Net Position	
Cash and investments	4,353,734
	$ 13,932,642

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of $250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2019, $786,226 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized

On December 31, 2019, the Village held repurchase agreement investments of $2,119 of which the underlying securities are held by the investment's counterparty, not in the name of the Village.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Wisconsin local government investment pool	$ 404,196	$ -	$ -	$ -	$ 404,196

Concentration of Credit Risk

At December 31, 2019, the Village had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Repurchase agreement	$ 2,119	$ 2,119	$ -	$ -	$ -
Wisconsin local government investment pool	404,196	404,196	-	-	-
Totals	$ 406,315	$ 406,315	$ -	$ -	$ -

B. RESTRICTED ASSETS

Restricted cash and investments of the governmental activities on December 31, 2019 totaled $2,721,338. $170,070 is being held as debt service reserve funds for the lease revenue bonds and $2,551,268 for project plan expenditures and debt service payments of the tax incremental districts.

Restricted cash and investments of the business-type activities totaled and consisted of $553,988 held as equipment replacement funds for the water and sewer utilities.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	$ 2,242,486	$ 11,178	$ 67,906	$ 2,185,758
Construction in progress	687,580	89,872	687,580	89,872
Total capital assets, nondepreciable	2,930,066	101,050	755,486	2,275,630
Capital assets, depreciable:				
Land improvements	1,110,229	-	-	1,110,229
Parks	661,935	1,157,486	-	1,819,421
Buildings and improvements	3,959,331	48,314	-	4,007,645
Machinery and equipment	3,393,053	497,793	312,000	3,578,846
Infrastructure	16,025,418	623,149	-	16,648,567
Subtotals	25,149,966	2,326,742	312,000	27,164,708
Less accumulated depreciation for:				
Land improvements	123,441	22,781	-	146,222
Parks	497,663	21,382	-	519,045
Buildings and improvements	1,508,631	99,626	-	1,608,257
Machinery and equipment	2,250,187	164,688	312,000	2,102,875
Infrastructure	4,945,429	449,326	-	5,394,755
Subtotals	9,325,351	757,803	312,000	9,771,154
Total capital assets, depreciable, net	15,824,615	1,568,939	-	17,393,554
Governmental activities capital assets, net	$ 18,754,681	$ 1,669,989	$ 755,486	19,669,184
Less: Capital related debt				9,412,198
Less: Debt premium				24,866
Less: Capital related accounts payable				230,110
Net investment in capital assets				$ 10,002,010
Business-type activities:				
Capital assets, nondepreciable:				
Land	$ 117,209	$ -	$ -	$ 117,209
Capital assets, depreciable:				
Buildings and improvements	320,754	-	-	320,754
Machinery and equipment	2,517,564	108,975	27,965	2,598,574
Infrastructure	22,595,455	9,450	6,250	22,598,655
Subtotals	25,433,773	118,425	34,215	25,517,983
Less accumulated depreciation for:				
Depreciable assets	6,296,471	425,860	34,215	6,688,116
Total capital assets, depreciable, net	19,137,302	(307,435)	-	18,829,867
Business-type activities capital assets, net	$ 19,254,511	$ (307,435)	$ -	$ 18,947,076

Depreciation expense was charged to functions of the Village as follows:

Governmental activities		
General government	$	82,908
Public safety		79,047
Public works		569,100
Culture and recreation		24,377
Conservation and development		2,371
Total depreciation expense - governmental activities	$	757,803
Business-type activities		
Water utility	$	208,169
Sewer utility		217,691
Total depreciation expense - business-type activities	$	425,860

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

	Interfund Receivables	Interfund Payables
Advances to other funds		
General Fund	$ 34,750	$ -
Special Revenue Fund		
Park	-	663,959
TID #2	629,209	-
Totals	$ 663,959	$ 663,959

The Park Fund will repay the General Fund when the park dedication fees are available. The Park Fund will repay TID #2 when grant reimbursement requests have been submitted and payments received.

Interfund transfers for the year ended December 31, 2019 were as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 164,055	$ 221,348
Municipal Court	28,348	-
Capital Project	143,000	-
Equipment Replacement	50,000	-
Water Utility	-	159,882
Sewer Utility	-	4,173
	$ 385,403	$ 385,403

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	$	159,882
Tax equivalent payment made by sewer utility to general fund		4,173
To fund capital projects as budgeted for 2019		193,000
To cover municipal court expenditures not covered by fines		28,348
	$	385,403

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	$ 4,895,000	$ -	$ 300,000	$ 4,595,000	$ 250,000
Notes	10,810,000	-	725,000	10,085,000	975,000
Total general obligation debt	15,705,000	-	1,025,000	14,680,000	1,225,000
Bond anticipation notes	1,450,000	1,490,000	1,450,000	1,490,000	-
Redevelopment revenue bonds	2,375,000	-	110,000	2,265,000	110,000
Debt premium	50,191	8,478	12,842	45,827	-
Capital leases	194,875	-	21,837	173,038	22,481
Compensated absences	151,524	-	764	150,760	19,273
Governmental activities Long-term obligations	$19,926,590	$ 1,498,478	$ 2,620,443	$18,804,625	$ 1,376,754

Total interest paid during the year on long-term debt totaled $555,175.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General obligation bonds	3/15/09	6/1/28	3.00 - 5.00%	$ 5,100,000	$ 3,350,000
General obligation notes	7/17/12	6/1/22	2.70%	3,470,000	3,470,000
General obligation bonds	9/27/12	10/1/22	1.85%	1,245,000	1,245,000
General obligation notes	11/12/13	6/1/22	2.00 - 3.25%	3,900,000	2,850,000
General obligation notes	11/12/13	12/1/21	2.00 - 2.15%	2,380,000	1,480,000
General obligation notes	3/1/16	3/1/22	2.00%	2,300,000	995,000
General obligation notes	12/17/18	3/1/28	3.00%	1,290,000	1,290,000
Total Outstanding General Obligation Debt					$14,680,000

Annual principal and interest maturities of the outstanding general obligation debt of $14,680,000 on December 31, 2019 are detailed below:

Year Ended	Governmental Activities		
December 31,	Principal	Interest	Total
2020	$ 1,225,000	$ 445,111	$ 1,670,111
2021	1,105,000	413,924	1,518,924
2022	8,785,000	283,528	9,068,528
2023	605,000	141,150	746,150
2024	550,000	118,800	668,800
2025 - 2028	2,410,000	218,000	2,628,000
	$ 14,680,000	$ 1,620,513	$ 16,300,513

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2019 was $18,114,471 as follows:

Equalized valuation of the Village		$ 653,682,400
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		32,684,120
Total outstanding general obligation debt applicable to debt limitation	$ 14,680,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	110,351	
Net outstanding general obligation debt applicable to debt limitation		14,569,649
Legal margin for new debt		$ 18,114,471

Bond Anticipation Notes

Bond anticipation notes outstanding on December 31, 2019 was comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
Bond anticipation notes	3/12/19	4/1/21	2.50%	$ 1,490,000	$ 1,490,000

Annual principal and interest maturities of the outstanding anticipation note debt of $1,490,000 on December 31, 2019 are detailed below:

Year Ended	Governmental Activities		
December 31,	Principal	Interest	Total
2020	$ -	$ 37,250	$ 37,250
2021	1,490,000	18,625	1,508,625
	$ 1,490,000	$ 55,875	$ 1,545,875

Revenue Bonds

Revenue bonds outstanding on December 31, 2019 totaled $2,265,000 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
Redevelopment lease revenue bonds	3/1/16	4/1/36	0.006 - 3.20%	$ 2,595,000	$ 2,265,000

The Redevelopment lease revenue bonds are obligations of the Redevelopment Authority of the Village of Kronenwetter and are payable from the income and revenues of the Authority derived from a lease agreement with the Village.

Annual principal and interest maturities of the outstanding revenue bonds of $2,265,000 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities Principal	Interest	Total
2020	$ 110,000	$ 55,915	$ 165,915
2021	115,000	54,479	169,479
2022	115,000	52,811	167,811
2023	115,000	50,914	165,914
2024	120,000	48,708	168,708
2025 - 2029	635,000	201,414	836,414
2030 - 2034	730,000	108,160	838,160
2035 - 2036	325,000	10,439	335,439
	$ 2,265,000	$ 582,840	$ 2,847,840

Capital Lease

The Village is obligated under various lease accounted for as a capital lease that was used to finance the acquisition of a capital assets. The cost of the capital asset under the capital lease is $264,000 and the related accumulated depreciation is $83,600 as of December 31, 2019. The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2019:

Year Ending	Governmental Activities
2020	$ 27,586
2021	155,000
Subtotal	182,586
Less: Amount representing interest	9,548
Present Value of Future Minimum Lease Payments	$ 173,038

F. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov/publications/cafr.htm.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan 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 periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17

3. Contributions

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

During the reporting period ending December 31, 2019, the WRS recognized $113,996 in contributions from the Village.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Village reported a liability of $366,780 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.01030953%, which was an increase of 0.00041078% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of $248,722.

At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 285,665	$ 504,955
Net differences between projected and actual earnings on pension plan investments	535,658	-
Changes in assumptions	61,825	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,355	2,505
Employer contributions subsequent to the measurement date	113,996	-
Total	$ 998,499	$ 507,460

$113,996 reported as deferred outflows related to pension resulting from the Village'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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2020	$ 137,068
2021	34,203
2022	59,396
2023	146,376
Total	$ 377,043

5. Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
Variable Fund Asset Class			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village'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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	$ 1,457,625	$ 366,780	$ (444,346)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

6. Payables to the Pension Plan

At December 31, 2019, the Village reported a payable of $19,925 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

G. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2019, nonspendable fund balance was as follows:

	General	TID #1	TID #2	Nonmajor
Nonspendable				
Inventories and prepaid items	$ 30,061	$ 59	$ 103	$ 968
Advance to Park Fund	34,750	-	-	-
Total Nonspendable Fund Balance	$ 64,811	$ 59	$ 103	$ 968

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

Debt Service Fund	
Restricted for	
Payment of long-term debt obligations	$ 110,351
Capital Projects Funds	
Restricted for	
TID #1	494,797
TID #2	2,169,817
TID #3	46,815
TID #4	87,914
Total Capital Projects Funds Restricted Fund Balance	2,799,343
Total Restricted Fund Balance	$ 2,909,694

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2019, General Fund balance was committed as follows:

Special Revenue Funds	
Committed for	
Fire department donations expenditures	$ 25,080
Fire dues expenditures	29,679
Total Special Revenue Funds Committed Fund Balance	54,759
Capital Projects Funds	
Committed for	
Capital projects	117,617
Equipment replacement	512,226
Total Capital Project Funds Committed Fund Balance	629,843
Total Committed Fund Balance	$ 684,602

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund	
Assigned for future TID #1 shortfall	$ 600,000
Assigned for Stormwater Management Program	737,000
Assigned for sale of Fire Department equipment (brush truck)	25,000
Total	$ 1,362,000

Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 15% of subsequent year budgeted expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2019 General Fund Expenditures	$ 3,855,456
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	$ 578,318

The Village’s unassigned General Fund balance of $1,310,943 is above the minimum fund balance amount.

Net Position

The Village reports restricted net position at December 31, 2019 as follows:

Governmental Activities	
Restricted for	
Debt service	$ 194,422
Capital projects - TIDs	450,044
Total Governmental Activities Restricted Net Position	$ 644,466

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established separate capital projects funds for Tax Incremental District (TID) #1, #2, #3, and #4 which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village's Districts have reached the end of their expenditure periods except as noted below.

Since creation of the above Districts, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2019, the Village can recover $9,515,475 from future excess tax increment revenues of the following:

	Recoverable Costs
TID # 1	$ 7,294,983
TID # 2	548,080
TID # 3	(46,824)
TID # 4	1,719,236
	$ 9,515,475

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID # 1	2044
TID # 2	2024
TID # 3	2024
TID # 4	2034

2019 Wisconsin Act 179 passed by the Wisconsin Senate and Assembly in March 2020 extended the original expenditure period and life of TID #2 to 2024 and 2029 respectively.

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

C. CONTINGENCIES

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

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

E. SUBSEQUENT EVENT

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Village, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness, revenue short-falls in user fees and taxes, increased delinquent accounts receivable and shortages of personnel. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Kronenwetter, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	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 (Asset)
12/31/14	0.00964724%	$ (236,963)	$ 1,143,928	20.71%	102.74%
12/31/15	0.00959602%	155,933	1,161,097	13.43%	98.20%
12/31/16	0.00962218%	79,310	1,217,816	6.51%	99.12%
12/31/17	0.00989875%	(293,905)	1,253,433	23.45%	102.93%
12/31/18	0.01030953%	366,780	1,335,317	27.47%	96.45%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (plan year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	$ 91,396	$ 91,396	$ -	$ 1,161,097	7.87%
12/31/16	94,429	94,429	-	1,217,816	7.75%
12/31/17	104,207	104,207	-	1,253,433	8.31%
12/31/18	110,025	110,025	-	1,335,317	8.24%
12/31/19	113,996	113,996	-	1,379,694	8.26%

See notes to required supplementary information.

A. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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

SUPPLEMENTARY INFORMATION

Village of Kronenwetter, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive	2018
	Original	Final	Actual	(Negative)	Actual
Taxes					
General property	$ 1,285,686	$ 1,285,686	$ 1,286,303	$ 617	$ 845,500
Mobile home taxes	3,875	3,875	3,638	(237)	3,940
Forest crop	5,575	26,309	26,253	(56)	23,809
Other	14,994	-	-	-	-
Interest and taxes	100	100	-	(100)	13
Total taxes	1,310,230	1,315,970	1,316,194	224	873,262
Intergovernmental					
State					
State shared taxes	1,636,149	1,639,143	1,640,996	1,853	1,632,235
Tax exempt computer aid	350	350	404	54	395
Transportation	308,995	308,995	308,853	(142)	339,743
Forest crop and severance tax	12,000	-	2,136	2,136	18,624
Recycling grant	28,000	28,000	28,185	185	28,208
Environmental impact	34,000	34,000	34,627	627	34,627
Other intergovernmental	7,200	7,200	7,809	609	7,918
County					
Bridge aid	-	28,231	28,231	-	-
Timber sales	-	10,200	10,212	12	4,927
Total intergovernmental	2,026,694	2,056,119	2,061,453	5,334	2,066,677
Licenses and permits					
Licenses					
Occupational license	3,800	3,800	4,215	415	3,695
Dog license	1,450	1,450	1,731	281	1,694
Cable franchise fees	-	78,000	80,359	2,359	-
Permits					
Building permits	115,000	132,000	139,478	7,478	82,972
Excavating/mining permits	8,500	20,800	27,800	7,000	20,896
Plat reviews	3,000	3,000	5,085	2,085	2,645
Other					
Other licenses/permits	1,400	1,400	2,117	717	1,283
Other regulatory fees	2,900	2,900	2,350	(550)	2,750
Total licenses and permits	136,050	243,350	263,135	19,785	115,935
Fines and forfeits					
Court fines and penalties	24,000	24,000	21,594	(2,406)	20,341
Public charges for services					
Public record/special assessment searches	5,500	5,500	9,725	4,225	6,468
Fire department	1,100	1,100	-	(1,100)	88
Public safety	1,000	1,000	90	(910)	3,377
Garbage/refuse/recycling	318,917	318,917	323,730	4,813	313,719
Other	5,000	5,000	10,067	5,067	5,853
Total public charges for services	331,517	331,517	343,612	12,095	329,505
Intergovernmental charges for services					
Fire protection	5,100	5,100	5,100	-	5,100
Miscellaneous					
Interest	8,000	60,000	70,662	10,662	30,775
Rent of Village property	2,500	2,500	3,630	1,130	4,020
Sale of materials and supplies	600	600	1,522	922	1,395
Insurance claims and refunds	-	25,833	31,334	5,501	10,394
Private donations	1,200	1,200	3,204	2,004	1,450
Miscellaneous	10,000	10,000	15,061	5,061	7,478
Total miscellaneous	22,300	100,133	125,413	25,280	55,512
Total revenues	$ 3,855,891	$ 4,076,189	$ 4,136,501	$ 60,312	$ 3,466,332

Village of Kronenwetter, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive	2018
	Original	Final	Actual	(Negative)	Actual
General Government					
Village board	$ 40,427	$ 40,427	$ 32,417	$ 8,010	$ 32,349
Legal	19,279	19,279	6,964	12,315	5,836
Municipal court	10,240	10,240	5,857	4,383	8,009
Office	56,895	56,895	45,049	11,846	48,279
Administrator	90,284	90,284	90,565	(281)	86,618
Deputy clerk-treasurer	12,259	12,259	11,743	516	11,270
Community development/zoning	63,615	63,615	54,758	8,857	57,299
Clerk	63,863	63,863	63,481	382	61,996
Secretary	103,471	103,471	57,562	45,909	100,390
Elections	17,980	17,980	6,318	11,662	13,074
Treasurer	58,144	58,144	55,862	2,282	55,877
Assessor	13,950	13,950	14,610	(660)	14,697
Municipal building	104,777	104,777	99,753	5,024	89,422
Other general government	102,198	102,198	87,481	14,717	53,603
Total general government	757,382	757,382	632,420	124,962	638,719
Public Safety					
Police and fire commissioner	6,175	6,175	5,427	748	2,997
Police department	977,918	977,918	887,056	90,862	795,726
Police clerk	43,375	43,375	41,891	1,484	46,958
Crossing guards	5,068	5,068	4,662	406	4,629
Fire department	148,474	148,474	133,329	15,145	126,098
First responders	17,168	17,168	13,294	3,874	12,274
Ambulance	56,977	56,977	53,293	3,684	50,812
Building inspector	49,910	51,790	41,695	10,095	51,001
Total public safety	1,305,065	1,306,945	1,180,647	126,298	1,090,495
Public Works					
Engineering	8,000	4,000	-	4,000	-
Public works director	35,115	35,115	33,354	1,761	30,910
Road and street maintenance	893,359	868,359	788,886	79,473	828,353
Shop and garage	19,375	19,375	15,661	3,714	15,099
Street lighting	48,000	48,000	47,076	924	48,090
Storm sewers	202,077	298,077	292,073	6,004	192,575
Solid waste/recycle collection	309,637	309,637	324,654	(15,017)	302,449
Total public works	1,515,563	1,582,563	1,501,704	80,859	1,417,476
Health and Human Services					
Animal and insect control	2,755	2,755	2,755	-	2,215
Culture and Recreation					
Parks	133,456	133,456	95,560	37,896	86,595
Conservation and Development					
Community development/zoning	45,440	50,705	49,862	843	45,872
Debt Service					
Principal retirement	-	-	21,837	(21,837)	21,211
Interest and fiscal charges	-	-	5,749	(5,749)	6,375
Total debt service	-	-	27,586	(27,586)	27,586
Capital Outlay					
Road equipment	-	-	1,611	(1,611)	-
Road construction	16,000	16,000	20,791	(4,791)	79,399
Police	4,650	4,650	4,887	(237)	6,897
Fire department	1,000	1,000	-	1,000	-
Total capital outlay	21,650	21,650	27,289	(5,639)	86,296
Total expenditures	$ 3,781,311	$ 3,855,456	$ 3,517,823	$ 337,633	$ 3,395,254

Village of Kronenwetter, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue		
	Fire Dept. Donations	Fire Dues	Municipal Court
ASSETS			
Cash and investments	$ 25,279	$ 30,135	$ 1,403
Restricted cash and investments	-	-	-
Receivables			
Taxes and special charges	-	-	-
Accounts, net	-	-	44,241
Inventories and prepaid items	-	-	950
Total assets	$ 25,279	$ 30,135	$ 46,594
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 199	$ -	$ 651
Accrued and other current liabilities	-	456	1,702
Total liabilities	199	456	2,353
Deferred inflows of resources			
Property taxes levied for subsequent year	-	-	-
Fines receivable	-	-	44,241
Total deferred inflows of resources	-	-	44,241
Fund balances			
Nonspendable	-	-	950
Restricted	-	-	-
Committed	25,080	29,679	-
Unassigned	-	-	(950)
Total fund balances	25,080	29,679	-
Total liabilities, deferred inflows of resources, and fund balances	$ 25,279	$ 30,135	$ 46,594

Capital Projects				
TID #3	TID #4	Equipment Replacement	Capital Projects	Total
$ -	$ -	$ 559,122	$ 192,306	$ 808,245
52,726	130,261	-	-	182,987
7,845	53,534	53,104	66,572	181,055
-	-	-	-	44,241
9	9	-	-	968
$ 60,580	$ 183,804	$ 612,226	$ 258,878	$ 1,217,496
$ 62	$ 1,977	$ -	$ 15,900	$ 18,789
57	57	-	-	2,272
119	2,034	-	15,900	21,061
13,637	93,847	100,000	125,361	332,845
-	-	-	-	44,241
13,637	93,847	100,000	125,361	377,086
9	9	-	-	968
46,815	87,914	-	-	134,729
-	-	512,226	117,617	684,602
-	-	-	-	(950)
46,824	87,923	512,226	117,617	819,349
$ 60,580	$ 183,804	$ 612,226	$ 258,878	$ 1,217,496

Village of Kronenwetter, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue		
	Fire Dept. Donations	Fire Dues	Municipal Court
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	-	24,625	-
Fines and forfeits	-	-	12,621
Intergovernmental charges for services	-	1,113	-
Miscellaneous	41,852	594	-
Total revenues	41,852	26,332	12,621
EXPENDITURES			
Current			
General government	-	-	40,969
Public safety	-	20,654	-
Culture and recreation	43,410	-	-
Conservation and development	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	43,410	20,654	40,969
Excess of revenues over (under) expenditures	(1,558)	5,678	(28,348)
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	28,348
Total other financing sources	-	-	28,348
Net change in fund balances	(1,558)	5,678	-
Fund balances - January 1	26,638	24,001	-
Fund balances - December 31	$ 25,080	$ 29,679	$ -

Capital Projects				
TID #3	TID #4	Equipment Replacement	Capital Projects	Total
$ 12,186	$ 96,994	$ -	$ -	$ 109,180
86	1,257	-	-	25,968
-	-	-	-	12,621
-	-	-	-	1,113
856	48,270	6,386	4,658	102,616
13,128	146,521	6,386	4,658	251,498
-	-	-	-	40,969
-	-	-	-	20,654
-	-	-	-	43,410
13,697	15,700	-	-	29,397
-	50,000	-	-	50,000
-	45,739	-	-	45,739
21	21	37,913	560,826	598,781
13,718	111,460	37,913	560,826	828,950
(590)	35,061	(31,527)	(556,168)	(577,452)
-	-	6,027	-	6,027
-	-	50,000	143,000	221,348
-	-	56,027	143,000	227,375
(590)	35,061	24,500	(413,168)	(350,077)
47,414	52,862	487,726	530,785	1,169,426
$ 46,824	$ 87,923	$ 512,226	$ 117,617	$ 819,349

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Village Board
Village of Kronenwetter, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kronenwetter, Wisconsin (the "Village") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated May 6, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, and 2019-003 that we consider to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

VILLAGE OF KRONENWETTER, WISCONSIN'S RESPONSE TO FINDINGS

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
May 6, 2020

Village of Kronenwetter, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	**Segregation of Duties** Repeat of Finding 2018-001
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	The Village has a limited number of employees to essentially complete all financial and recordkeeping duties of the Village. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the Village does not have proper segregation of duties at the Village.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village’s operations. In addition, the Village has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Village Board continue to monitor the transactions and the financial records of the Village. We recommend the Village perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Management Response:	We agree with the auditors' comments, and will continue to identify and implement mitigating controls in order to reduce the risk of errors and intentional fraud.

FINDING NO.	**CONTROL DEFICIENCIES**
2019-002	**Preparation of Annual Financial Report** Repeat of Finding 2018-002
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	Current Village staff maintains accounting records which reflect the Village’s financial transactions; however, preparing the Village’s annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Village contracts with us to compile the Wisconsin Municipal Report Form C and the Public Service Commission Report.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
Criteria:	The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Cause:	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Village continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village’s annual financial report, Municipal Financial Report and Public Service Commission Report.
Management Response:	We agree with the auditors' comments, and will continue to review the annual financial report.

FINDING NO.	CONTROL DEFICIENCIES
2019-003	**Adjustments to the Village's Financial Records** Repeat of Finding 2018-003
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Village's financial statements.
Context:	While performing audit procedures, it was noted that the Village does not have sufficient controls in place related to year end closing procedures.
Criteria:	Significant adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Recommendation:	We recommend the Village designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management Response:	We agree with the auditors' comments, and continue to work to improve financial record keeping processes.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.