VILLAGE OF KRONENWETTER, WISCONSIN

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Kronenwetter, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Prior-Year Comparative Information

We have previously audited the Village's 2020 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 June 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary 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 General Fund Detailed Comparison of Budgeted and Actual Revenues, General Fund Detailed Comparison of Budgeted and Actual Expenditures, and the combining nonmajor fund financial statements 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 the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the General Fund Detailed Comparison of Budgeted and Actual Revenues, General Fund Detailed Comparison of Budgeted and Actual Expenditures, and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Village Board
Village of Kronenwetter, Wisconsin

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022, 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 solely to 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

Stevens Point, Wisconsin
July 13, 2022

BASIC FINANCIAL STATEMENTS

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Governmental Activities	Business-Type Activities	Total 2021	Total 2020
ASSETS				
Cash and Investments	$ 3,828,235	$ 2,340,484	$ 6,168,719	$ 7,054,646
Receivables:				
Taxes and Special Charges	2,682,223	-	2,682,223	2,459,320
Delinquent Taxes	411	-	411	700
Accounts, Net	64,222	254,673	318,895	354,604
Special Assessments	103,823	-	103,823	25,769
Other	-	63	63	38
Inventories and Prepaid Items	52,096	26,181	78,277	125,123
Restricted Assets:				
Cash and Investments	861,712	281,783	1,143,495	3,074,123
Net Pension Asset	623,358	49,755	673,113	341,665
Preliminary Survey	-	108,954	108,954	108,954
Capital Assets, Nondepreciable	2,142,002	220,230	2,362,232	2,307,533
Capital Assets, Depreciable	17,542,337	18,373,857	35,916,194	36,622,518
Total Assets	27,900,419	21,655,980	49,556,399	52,474,993
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	1,033,665	86,691	1,120,356	800,255
Total Deferred Outflows of Resources	1,033,665	86,691	1,120,356	800,255
LIABILITIES				
Accounts Payable	1,152,269	28,325	1,180,594	234,097
Accrued and Other Current Liabilities	137,383	4,422	141,805	81,499
Due to Other Governments	-	-	-	545
Accrued Interest Payable	82,526	-	82,526	76,757
Unearned Revenues	347,956	-	347,956	-
Long-Term Obligations:				
Due Within One Year	1,047,755	-	1,047,755	2,860,557
Due in More Than One Year	10,001,408	-	10,001,408	14,575,330
Total Liabilities	12,769,297	32,747	12,802,044	17,828,785
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	4,172,682	-	4,172,682	4,205,466
Pension Related Amounts	1,365,651	109,003	1,474,654	1,024,849
Total Deferred Inflows of Resources	5,538,333	109,003	5,647,336	5,230,315
NET POSITION				
Net Investment in Capital Assets	12,917,746	18,594,087	31,511,833	29,803,743
Restricted:				
Debt Service	691,451	-	691,451	4,753
Capital Projects - TIDs	288,745	-	288,745	2,267,547
Fire Dues Activities	65,332	-	65,332	44,149
Pension Benefits	623,358	49,755	673,113	341,665
Capital Replacement	-	281,783	281,783	281,208
Unrestricted (Deficit)	(3,960,178)	2,675,296	(1,284,882)	(2,526,917)
Total Net Position	$ 10,626,454	$ 21,600,921	$ 32,227,375	$ 30,216,148

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	$ 859,171	$ 109,254	$ 7,479	$ 15,798
Public Safety	1,261,624	87,799	66,179	-
Public Works	2,134,116	464,854	351,096	503,181
Health and Human Services	2,420	-	-	-
Culture and Recreation	214,426	15,086	2,744	-
Conservation and Development	1,095,541	14,105	-	61,357
Interest and Fiscal Charges	372,358	-	-	-
Total Governmental Activities	5,939,656	691,098	427,498	580,336
BUSINESS-TYPE ACTIVITIES				
Water Utility	473,605	826,276	-	99,517
Sewer Utility	682,451	697,949	-	83,971
Total Business-Type Activities	1,156,056	1,524,225	-	183,488
Total	$ 7,095,712	$ 2,215,323	$ 427,498	$ 763,824

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

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Net (Expense) Revenue and Changes in Net Position			
	Governmental	Business-Type	Total	
Functions/Programs	Activities	Activities	2021	2020
GOVERNMENTAL ACTIVITIES				
General Government	$ (726,640)	$ -	$ (726,640)	$ (682,527)
Public Safety	(1,107,646)	-	(1,107,646)	(1,153,997)
Public Works	(814,985)	-	(814,985)	(1,417,489)
Health and Human Services	(2,420)	-	(2,420)	(1,295)
Culture and Recreation	(196,596)	-	(196,596)	536,962
Conservation and Development	(1,020,079)	-	(1,020,079)	49,176
Interest and Fiscal Charges	(372,358)	-	(372,358)	(520,700)
Total Governmental Activities	(4,240,724)	-	(4,240,724)	(3,189,870)
BUSINESS-TYPE ACTIVITIES				
Water Utility	-	452,188	452,188	270,145
Sewer Utility	-	99,469	99,469	(58,926)
Total Business-Type Activities	-	551,657	551,657	211,219
Total	(4,240,724)	551,657	(3,689,067)	(2,978,651)
GENERAL REVENUES				
Taxes:				
Property Taxes	2,434,851	-	2,434,851	2,354,957
Tax Increments	1,301,069	-	1,301,069	1,153,154
Other Taxes	32,099	-	32,099	131,045
Federal and State Grants and Other Contributions Not Restricted to Specific Functions	1,805,691	-	1,805,691	1,823,156
Interest and Investment Earnings	25,115	11,998	37,113	80,895
Miscellaneous	52,204	11,998	64,202	80,542
Gain on Sale of Asset	25,269	-	25,269	-
Transfers	87,058	(87,058)	-	-
Total General Revenues and Transfers	5,763,356	(63,062)	5,700,294	5,623,749
CHANGE IN NET POSITION	1,522,632	488,595	2,011,227	2,645,098
Net Position - January 1	9,103,822	21,112,326	30,216,148	27,571,050
NET POSITION - DECEMBER 31	$ 10,626,454	$ 21,600,921	$ 32,227,375	$ 30,216,148

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	General	Debt Service	TID #1	TID #2
ASSETS				
Cash and Investments	$ 1,918,638	$ 444,699	$ -	$ -
Restricted Cash and Investments	-	-	170,070	364,184
Receivables:				
Taxes and Special Charges	1,165,451	494,610	195,447	487,947
Delinquent Taxes	411	-	-	-
Accounts, Net	23,430	-	-	-
Special Assessments	-	103,823	-	-
Advance to Other Funds	2,477,196	310,775	-	-
Inventories and Prepaid Items	52,096	-	-	-
Total Assets	$ 5,637,222	$ 1,353,907	$ 365,517	$ 852,131
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts Payable	$ 154,528	$ -	$ -	$ 992,414
Accrued and Other Current Liabilities	136,444	-	-	-
Advance from Other Funds	-	-	2,477,196	310,775
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	290,972	-	2,477,196	1,303,189
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	1,872,731	750,000	296,365	739,897
Fines Receivable	-	-	-	-
Special Assessments	-	103,823	-	-
Total Deferred Inflows of Resources	1,872,731	853,823	296,365	739,897
Fund Balances (Deficits):				
Nonspendable	2,529,292	-	-	-
Restricted	-	500,084	170,070	-
Committed	-	-	-	-
Assigned	7,875	-	-	-
Unassigned (Deficit)	936,352	-	(2,578,114)	(1,190,955)
Total Fund Balances (Deficits)	3,473,519	500,084	(2,408,044)	(1,190,955)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 5,637,222	$ 1,353,907	$ 365,517	$ 852,131

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Other Governmental Funds	Total 2021	Total 2020
ASSETS			
Cash and Investments	$ 1,464,898	$ 3,828,235	$ 5,181,244
Restricted Cash and Investments	327,458	861,712	2,792,915
Receivables:			
Taxes and Special Charges	338,768	2,682,223	2,459,320
Delinquent Taxes	-	411	700
Accounts, Net	40,792	64,222	99,244
Special Assessments	-	103,823	25,769
Advance to Other Funds	-	2,787,971	34,750
Inventories and Prepaid Items	-	52,096	109,307
Total Assets	$ 2,171,916	$ 10,380,693	$ 10,703,249
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts Payable	$ 5,327	$ 1,152,269	$ 151,963
Accrued and Other Current Liabilities	939	137,383	80,315
Advance from Other Funds	-	2,787,971	34,750
Due to Other Governments	-	-	545
Unearned Revenues	347,956	347,956	-
Total Liabilities	354,222	4,425,579	267,573
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	513,689	4,172,682	4,205,466
Fines Receivable	40,792	40,792	53,081
Special Assessments	-	103,823	25,769
Total Deferred Inflows of Resources	554,481	4,317,297	4,284,316
Fund Balances (Deficits):			
Nonspendable	-	2,529,292	144,057
Restricted	354,077	1,024,231	2,393,206
Committed	168,257	168,257	612,832
Assigned	740,879	748,754	1,787,383
Unassigned (Deficit)	-	(2,832,717)	1,213,882
Total Fund Balances (Deficits)	1,263,213	1,637,817	6,151,360
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 2,171,916	$ 10,380,693	$ 10,703,249

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	2021	2020
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total Fund Balances as Shown on Previous Page	$ 1,637,817	$ 6,151,360
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.	19,684,339	20,275,951
Long-term assets are not current financial resources; therefore, are not reported in the funds:		
Net Pension Asset	623,358	319,723
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special Assessments	103,823	25,769
Fines Receivable	40,792	53,081
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	1,033,665	749,612
Deferred Inflows Related to Pensions	(1,365,651)	(959,030)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and Notes Payable	(9,885,000)	(17,100,000)
Premium on Debt	(785,511)	(31,774)
Compensated Absences	(149,062)	(153,556)
Capital Leases	(229,590)	(150,557)
Accrued Interest on Long-Term Obligations	(82,526)	(76,757)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ 10,626,454	$ 9,103,822

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	General	Debt Service	TID #1	TID #2
REVENUES				
Taxes	$ 1,126,950	$ 1,110,000	$ 313,672	$ 864,178
Special Assessments	-	111,462	-	-
Intergovernmental	2,099,590	-	568	43,766
Licenses and Permits	179,413	-	-	-
Fines and Forfeits	23,793	-	-	-
Public Charges for Services	464,439	-	-	-
Intergovernmental Charges for Services	5,100	-	-	-
Miscellaneous	23,750	1,938	50,957	7,616
Total Revenues	3,923,035	1,223,400	365,197	915,560
EXPENDITURES				
Current:				
General Government	753,884	-	3,314	2,044
Public Safety	1,199,100	-	-	-
Public Works	1,532,763	-	-	-
Health and Human Services	2,420	-	-	-
Culture and Recreation	89,538	-	-	-
Conservation and Development	42,326	-	6,548	1,014,141
Debt Service:				
Principal	29,484	680,000	3,182,000	2,608,000
Interest and Fiscal Charges	-	163,200	155,160	41,163
Capital Outlay	299,413	-	-	15,229
Total Expenditures	3,948,928	843,200	3,347,022	3,680,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,893)	380,200	(2,981,825)	(2,765,017)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued - Refunding Bonds	-	2,760,000	2,210,000	-
Capital Lease Proceeds	259,075	-	-	-
Premium on Debt Issued	-	416,304	299,233	-
Payment to Escrow Agent or Current Bondholder	-	(3,137,930)	(2,463,484)	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	161,641	-	-	-
Transfers Out	(66,626)	-	-	-
Total Other Financing Sources (Uses)	354,090	38,374	45,749	-
NET CHANGE IN FUND BALANCE	328,197	418,574	(2,936,076)	(2,765,017)
Fund Balance - January 1	3,145,322	81,510	528,032	1,574,062
FUND BALANCE (DEFICIT) - DECEMBER 31	$ 3,473,519	$ 500,084	$ (2,408,044)	$ (1,190,955)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Other Governmental Funds	Total 2021	Total 2020
REVENUES			
Taxes	$ 353,219	$ 3,768,019	$ 3,639,156
Special Assessments	-	111,462	70,700
Intergovernmental	233,256	2,377,180	3,050,107
Licenses and Permits	-	179,413	204,367
Fines and Forfeits	14,152	37,945	34,235
Public Charges for Services	7,236	471,675	365,622
Intergovernmental Charges for Services	-	5,100	5,100
Miscellaneous	135,178	219,439	182,428
Total Revenues	743,041	7,170,233	7,551,715
EXPENDITURES			
Current:			
General Government	48,291	807,533	755,940
Public Safety	7,462	1,206,562	1,190,276
Public Works	74,853	1,607,616	1,474,659
Health and Human Services	-	2,420	1,295
Culture and Recreation	22,886	112,424	118,314
Conservation and Development	2,470	1,065,485	75,449
Debt Service:			
Principal	50,000	6,549,484	1,357,481
Interest and Fiscal Charges	60,421	419,944	543,994
Capital Outlay	130,474	445,116	1,548,504
Total Expenditures	396,857	12,216,584	7,065,912
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	346,184	(5,046,351)	485,803
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued - Refunding Bonds	1,585,000	6,555,000	-
Capital Lease Proceeds	-	259,075	-
Premium on Debt Issued	164,051	879,588	-
Payment to Escrow Agent or Current Bondholder	(1,721,082)	(7,322,496)	-
Proceeds from Sale of Capital Assets	-	-	2,183
Transfers In	66,626	228,267	433,444
Transfers Out	-	(66,626)	(264,861)
Total Other Financing Sources (Uses)	94,595	532,808	170,766
NET CHANGE IN FUND BALANCE	440,779	(4,513,543)	656,569
Fund Balance - January 1	822,434	6,151,360	5,494,791
FUND BALANCE (DEFICIT) - DECEMBER 31	$ 1,263,213	$ 1,637,817	$ 6,151,360

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances as Shown on Previous Page	$ (4,513,543)	$ 656,569
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	495,966	1,426,510
Contributed Capital Assets	185,232	-
Depreciation Expense Reported in the Statement of Activities	(1,088,254)	(816,521)
Net Book Value of Disposals	(184,556)	(3,222)
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.	65,765	(61,860)
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	(6,555,000)	-
Capital Leases Issued	(259,075)	-
Premium on Debt Issued	(879,588)	-
Principal Repaid	13,770,000	1,335,000
Capital Leases Paid	180,042	22,481
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	(5,769)	9,241
Amortization of Premiums, Discounts and Loss on Advance Refunding	125,851	14,053
Compensated Absences	4,494	(2,796)
Net Pension Asset (Liability)	303,635	667,420
Deferred Outflows of Resources Related to Pensions	284,053	(196,372)
Deferred Inflows of Resources Related to Pensions	(406,621)	(477,973)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$ 1,522,632	$ 2,572,530

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Budget Original	Budget Final	Actual	Variance Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 1,116,269	$ 1,116,269	$ 1,126,950	$ 10,681
Intergovernmental	2,051,687	2,051,687	2,099,590	47,903
Licenses and Permits	166,358	166,358	179,413	13,055
Fines and Forfeits	23,718	23,718	23,793	75
Public Charges for Services	357,209	357,209	464,439	107,230
Intergovernmental Charges for Services	5,100	5,100	5,100	-
Miscellaneous	43,696	43,696	23,750	(19,946)
Total Revenues	3,764,037	3,764,037	3,923,035	158,998
EXPENDITURES				
Current:				
General Government	781,067	781,067	753,884	27,183
Public Safety	1,286,011	1,286,011	1,199,100	86,911
Public Works	1,833,392	1,833,392	1,532,763	300,629
Health and Human Services	1,321	1,321	2,420	(1,099)
Culture and Recreation	186,495	186,495	89,538	96,957
Conservation and Development	50,045	50,045	42,326	7,719
Debt Service:				
Principal	-	-	29,484	(29,484)
Capital Outlay	61,250	61,250	299,413	(238,163)
Total Expenditures	4,199,581	4,199,581	3,948,928	250,653
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(435,544)	(435,544)	(25,893)	409,651
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	259,075	259,075
Transfers In	170,000	170,000	161,641	(8,359)
Transfers Out	(987,093)	(987,093)	(66,626)	920,467
Total Other Financing Sources (Uses)	(817,093)	(817,093)	354,090	1,171,183
NET CHANGE IN FUND BALANCE	(1,252,637)	(1,252,637)	328,197	1,580,834
Fund Balance - January 1	3,145,322	3,145,322	3,145,322	-
FUND BALANCE - DECEMBER 31	$ 1,892,685	$ 1,892,685	$ 3,473,519	$ 1,580,834

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Water Utility	Sewer Utility	Total 2021	Total 2020
ASSETS				
Current Assets:				
Cash and Investments	$ 1,285,039	$ 1,055,445	$ 2,340,484	$ 1,873,402
Receivables:				
Customer Accounts	134,002	120,671	254,673	255,360
Other	63	-	63	38
Inventories and Prepaid Items	22,461	3,720	26,181	15,816
Total Current Assets	1,441,565	1,179,836	2,621,401	2,144,616
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	-	281,783	281,783	281,208
Other Assets:				
Net Pension Asset	25,605	24,150	49,755	21,942
Preliminary Survey	108,954	-	108,954	108,954
Total Other Assets	134,559	24,150	158,709	130,896
Capital Assets:				
Nondepreciable	206,146	14,084	220,230	121,775
Depreciable	9,022,076	9,351,781	18,373,857	18,532,325
Total Capital Assets	9,228,222	9,365,865	18,594,087	18,654,100
Total Assets	10,804,346	10,851,634	21,655,980	21,210,820
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	44,789	41,902	86,691	50,643
LIABILITIES				
Current Liabilities:				
Accounts Payable	6,843	21,482	28,325	82,134
Accrued and Other Current Liabilities	2,034	2,388	4,422	1,184
Total Current Liabilities	8,877	23,870	32,747	83,318
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	56,096	52,907	109,003	65,819
NET POSITION				
Net Investment in Capital Assets	9,228,222	9,365,865	18,594,087	18,624,490
Restricted:				
Pension Benefits	25,605	24,150	49,755	21,942
Capital Replacement	-	281,783	281,783	281,208
Unrestricted	1,530,335	1,144,961	2,675,296	2,184,686
Total Net Position	$ 10,784,162	$ 10,816,759	$ 21,600,921	$ 21,112,326

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Water Utility	Sewer Utility	Total 2021	Total 2020
OPERATING REVENUES				
Charges for Services	$ 780,577	$ 664,497	$ 1,445,074	$ 1,407,130
Other	45,699	33,452	79,151	74,365
Total Operating Revenues	826,276	697,949	1,524,225	1,481,495
OPERATING EXPENSES				
Operation and Maintenance	263,423	456,943	720,366	894,921
Depreciation	210,182	222,261	432,443	428,561
Taxes	-	3,247	3,247	3,840
Total Operating Expenses	473,605	682,451	1,156,056	1,327,322
OPERATING INCOME	352,671	15,498	368,169	154,173
NONOPERATING REVENUES				
Interest Income	4,363	7,635	11,998	18,084
Other Nonoperating Revenues	11,998	-	11,998	11,848
Total Nonoperating Revenues	16,361	7,635	23,996	29,932
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	369,032	23,133	392,165	184,105
Capital Contributions	174,100	83,971	258,071	57,046
Transfers Out	(157,042)	(4,599)	(161,641)	(168,583)
CHANGE IN NET POSITION	386,090	102,505	488,595	72,568
Net Position - January 1	10,398,072	10,714,254	21,112,326	21,039,758
NET POSITION - DECEMBER 31	$ 10,784,162	$ 10,816,759	$ 21,600,921	$ 21,112,326

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Water Utility	Sewer Utility	Total 2021	Total 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 794,398	$ 699,129	$ 1,493,527	$ 1,421,671
Cash Received from Tower Rental	31,360	-	31,360	28,000
Cash Paid for Employee Wages and Benefits	(135,401)	(146,765)	(282,166)	(166,607)
Cash Paid to Suppliers	(140,117)	(353,333)	(493,450)	(704,242)
Miscellaneous Nonoperating Income	11,998	-	11,998	11,848
Net Cash Provided by Operating Activities	562,238	199,031	761,269	590,670
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Out	(157,042)	(4,599)	(161,641)	(168,583)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(46,378)	(97,591)	(143,969)	(48,929)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	4,363	7,635	11,998	18,084
CHANGE IN CASH AND INVESTMENTS	363,181	104,476	467,657	391,242
Cash and Investments - January 1	921,858	1,232,752	2,154,610	1,763,368
CASH AND INVESTMENTS - DECEMBER 31	$ 1,285,039	$ 1,337,228	$ 2,622,267	$ 2,154,610

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Water Utility	Sewer Utility	Total 2021	Total 2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	$ 352,671	$ 15,498	$ 368,169	$ 154,173
Miscellaneous Nonoperating Income	11,998	-	11,998	11,848
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	210,182	222,261	432,443	428,561
Depreciation Charged to Sewer Utility	21,675	(21,675)	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Change in Pension Asset/Liability	(14,696)	(13,117)	(27,813)	(41,025)
Change in Pension Deferred Outflow	(19,590)	(16,458)	(36,048)	1,872
Change in Pension Deferred Inflow	23,372	19,812	43,184	39,416
Change in Operating Assets and Liabilities:				
Accounts Receivables	(518)	1,180	662	(31,824)
Inventories and Prepaid Items	(9,222)	(1,143)	(10,365)	(407)
Accounts Payable	(15,076)	(9,123)	(24,199)	33,802
Accrued and Other Current Liabilities	1,442	1,796	3,238	(5,746)
Net Cash Provided by Operating Activities	$ 562,238	$ 199,031	$ 761,269	$ 590,670
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	$ 1,285,039	$ 1,055,445	$ 2,340,484	$ 1,873,402
Cash and Cash Equivalents in Restricted Assets	-	281,783	281,783	281,208
Total Cash and Investments	$ 1,285,039	$ 1,337,228	$ 2,622,267	$ 2,154,610
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer and Municipal Contributed Capital Assets	$ 174,100	$ 83,971	$ 258,071	$ 57,046
Capital Assets Purchased on Account with Vendors	$ -	$ -	$ -	$ 29,610

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Tax Collection Custodial Fund	
	2021	2020
ASSETS		
Cash and Investments	$ 3,409,369	$ 3,814,530
Receivables:		
Taxes and Special Charges	6,610,132	5,643,428
Total Assets	10,019,501	9,457,958
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	10,019,501	9,457,958
NET POSITION		
Restricted for other governments	$ -	$ -

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Tax Collection Custodial Fund	
	2021	2020
ADDITIONS		
Property Tax Collections	$ 9,457,956	$ 9,288,277
DEDUCTIONS		
Payments to Taxing Jurisdictions	9,457,956	9,288,277
CHANGE IN NET POSITION	-	-
Net Position - January 1	-	-
NET POSITION - DECEMBER 31	$ -	$ -

See accompanying Notes to Basic Financial Statements.

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 (U.S. 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 U.S. 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 2021.

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*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 nonmajor governmental funds are aggregated and presented in a single column.

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.

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 Capital Projects Fund
This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 1.

Tax Incremental District No. 2 Capital Projects Fund
This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 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 is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investments trust funds, or private purpose trust funds. The Tax Collection Custodial Fund accounts for property taxes and special assessments and special charges collected on behalf of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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 $82,268 have been shown net of an allowance for uncollectible accounts of $18,046.

4. Restricted Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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 2021 tax roll are recognized as revenue in 2022.)

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/expense 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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:

Assets	Governmental Activities (Years)	Business-Type Activities (Years)
Land Improvements	10 to 20	10 to 20
Parks	7 to 20	7 to 20
Buildings and Improvements	25 to 100	25 to 100
Machinery and Equipment	3 to 10	3 to 10
Infrastructure	15 to 50	20 to 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 and revenues are deferred until the future periods to which the outflows and inflows are applicable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Deferred Outflows/Inflows of Resources (Continued)

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 (revenue), 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements (Continued)

- **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, 2020, 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 the general fund, special revenue funds, capital projects funds and the proprietary funds. The Village did not adopt a budget for the ARPA special revenue 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, 2021.

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2021 as follows:

Function/Activity	Excess Expenditures
General:	
General Government:	
Legal	$ 5,074
Municipal Court	3,578
Office	7,550
Administrator	16,145
Community Development/Zoning	628
Clerk	1,108
Assessor	5,749
Public Safety:	
First Responders	3,788
Ambulance	7,139
Public Works:	
Street Lighting	8,380
Solid Waste/Recycle Collection	15,434
Health and Human Services:	
Animal and Insect Control	1,099
Debt Service:	
Principal Retirement	29,484
Capital Outlay:	
Road Equipment	262,575
Police	10,492
Fire Department	58

C. Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2021:

Fund	Deficit Fund Balance
Tax Incremental District No. 1	$ 2,408,044
Tax Incremental District No. 2	1,190,955

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

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

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 2021 and 2022 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 2021 budget was 3.21%. The actual limit for the Village for the 2022 budget was 2.98%. 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 $10,721,583 on December 31, 2021 as summarized below:

Petty Cash and Cash on Hand	$ 1,020
Deposits with Financial Institutions	10,602,443
Investments:	
Wisconsin Local Government Investment Pool	118,120
Total	$ 10,721,583

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	$ 6,168,719
Restricted Cash and Investments	1,143,495
Custodial Fund Statement of Net Position:	
Cash and Investments	3,409,369
Total	$ 10,721,583

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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, 2021, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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	$ 118,120	$ -	$ -	$ -	$ 118,120

Concentration of Credit Risk

At December 31, 2021, 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
Wisconsin Local Government Investment Pool	$ 118,120	$ 118,120	$ -	$ -	$ -

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin Local Government Investment Pool of $118,120 at year-end. The (LGIP) is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted cash and investments of the governmental activities on December 31, 2021 totaled $861,712. $170,070 is being held as debt service reserve funds for the lease revenue bonds and $691,642 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 $281,783 held as equipment replacement funds for the water and sewer utilities.

C. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 2,185,758	$ -	$ 43,756	$ 2,142,002
Capital Assets, Depreciable:				
Land Improvements	1,110,229	-	-	1,110,229
Parks	2,526,392	-	-	2,526,392
Buildings and Improvements	4,007,645	-	-	4,007,645
Machinery and Equipment	3,773,601	495,966	480,495	3,789,072
Infrastructure	17,104,539	185,232	-	17,289,771
Subtotal	28,522,406	681,198	480,495	28,723,109
Less Accumulated Depreciation for:				
Land Improvements	169,003	22,781	-	191,784
Parks	575,151	72,227	-	647,378
Buildings and Improvements	1,711,521	102,428	-	1,813,949
Machinery and Equipment	2,119,660	410,092	339,695	2,190,057
Infrastructure	5,856,878	480,726	-	6,337,604
Subtotal	10,432,213	1,088,254	339,695	11,180,772
Total Capital Assets, Depreciable, Net	18,090,193	(407,056)	140,800	17,542,337
Governmental Activities Capital Assets, Net	$ 20,275,951	$ (407,056)	$ 184,556	19,684,339
Less: Capital Related Debt				6,164,690
Less: Debt Premium				601,903
Net Investment in Capital Assets				$ 12,917,746

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	$ 117,209	$ 52,800	$ -	$ 170,009
Construction in Progress	4,566	50,221	4,566	50,221
Total Capital Assets, Nondepreciable	121,775	103,021	4,566	220,230
Capital Assets, Depreciable:				
Buildings and Improvements	320,754	-	-	320,754
Machinery and Equipment	2,627,259	86,190	44,847	2,668,602
Infrastructure	22,655,702	187,785	-	22,843,487
Subtotal	25,603,715	273,975	44,847	25,832,843
Less Accumulated Depreciation for:				
Buildings and Improvements	137,737	8,564	-	146,301
Machinery and Equipment	1,563,801	124,428	44,847	1,643,382
Infrastructure	5,369,852	299,451	-	5,669,303
Subtotal	7,071,390	432,443	44,847	7,458,986
Total Capital Assets, Depreciable, Net	18,532,325	(158,468)	-	18,373,857
Business-Type Activities Capital Assets, Net	$ 18,654,100	$ (55,447)	$ 4,566	18,594,087
Net Investment in Capital Assets				$ 18,594,087

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

Governmental Activities:	
General Government	$ 88,485
Public Safety	99,753
Public Works	794,423
Culture and Recreation	85,548
Conservation and Development	20,045
Total Depreciation Expense - Governmental Activities	$ 1,088,254
Business-Type Activities:	
Water Utility	$ 210,182
Sewer Utility	222,261
Total Depreciation Expense - Business-Type Activities	$ 432,443

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2021 are detailed below:

	Interfund Receivables	Interfund Payables
Advances to Other Funds:		
Governmental Funds		
General Fund	$ 2,477,196	$ -
Debt Service Fund	310,775	-
Capital Projects Funds:		
TID #1	-	2,477,196
TID #2	-	310,775
Total	$ 2,787,971	$ 2,787,971

TID #1 will repay the General Fund when funds are available. TID #2 will repay the Debt Service Fund when funds are available.

Interfund transfers for the year ended December 31, 2021 were as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 161,641	$ 66,626
Park	34,750	-
Municipal Court	31,876	-
Water Utility	-	157,042
Sewer Utility	-	4,599
Total	228,267	228,267
Less: Government-Wide Eliminations	(66,626)	(66,626)
Less: Contributions from ARPA Fund for Water Utility Capital Assets	(74,583)	(74,583)
Transfers per Statement of Activities	$ 87,058	$ 87,058

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	$ 157,042
Tax Equivalent Payment Made by Sewer Utility to General Fund	4,599
To Cover Municipal Court Expenditures Not Covered by Fines	31,876
To Forgive Advance to Park Fund	34,750
Total	$ 228,267

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	$ 4,345,000	$ 6,555,000	$ 4,345,000	$ 6,555,000	$ 660,000
Notes	9,110,000	-	7,820,000	1,290,000	250,000
Total General Obligation Debt	13,455,000	6,555,000	12,165,000	7,845,000	910,000
Bond Anticipation Notes	1,490,000	-	1,490,000	-	-
Redevelopment Revenue Bonds	2,155,000	-	115,000	2,040,000	115,000
Debt Premium	31,774	879,588	125,851	785,511	-
Capital Leases	150,557	259,075	180,042	229,590	22,755
Compensated Absences	153,556	-	4,494	149,062	-
Governmental Activities Long-Term Obligations	$ 17,435,887	$ 7,693,663	$ 14,080,387	$ 11,049,163	$ 1,047,755

Total interest paid during the year on long-term debt totaled $386,766.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
General Obligation Notes	12/17/18	3/1/28	3.00%	$ 1,290,000	$ 1,290,000
General Obligation Refunding Bonds	2/3/21	4/1/34	4.00%	4,685,000	4,685,000
General Obligation Refunding Bonds	2/3/21	4/1/30	2.00%	1,870,000	1,870,000
Total Outstanding General Obligation Debt					$ 7,845,000

Annual principal and interest maturities of the outstanding general obligation debt of $7,845,000 on December 31, 2021 are detailed below:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
2022	$ 910,000	$ 249,350	$ 1,159,350
2023	955,000	218,725	1,173,725
2024	920,000	186,000	1,106,000
2025	950,000	212,925	1,162,925
2026	985,000	118,625	1,103,625
2027 - 2031	2,830,000	194,625	3,024,625
2031 - 2034	295,000	17,900	312,900
Total	$ 7,845,000	$ 1,198,150	$ 9,043,150

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

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

Current Refunding

On February 3, 2021, the Village issued $4,685,000 Series 2021A Taxable General Obligation Refunding Bonds and $1,870,000 2021B Taxable General Obligation Refunding Bonds. These issuances were used to refund or early retire the following outstanding issues:

- $2,760,000 was used to refund $3,100,000 Series 2009 General Obligation Bonds.
- $1,135,000 was used to early retire $1,160,000 Series 2021A General Obligation Notes.
- $1,105,000 was used to refund $1,245,000 Series 2012D General Obligation Bonds.
- $735,000 was used to refund $1,245,000 Series 2013B General Obligation Notes.
- $820,000 was used to early retire $995,000 Series 2016 General Obligation Notes.

These transactions were undertaken to reduce the total debt payments through 2034 by $348,821 and to obtain a total economic gain (difference between the present values of the old and new debt service payments) of $678,409.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2021 was $29,239,510 as follows:

Equalized Value per Wisconsin Department of Revenue	$ 741,690,200
Debt Limitation Percentage (5% municipality) *	5.00%
Total Allowable GO Debt	37,084,510
Less: Current GO Debt	7,845,000
Debt Margin	$ 29,239,510

Revenue Bonds

Revenue bonds outstanding on December 31, 2021 totaled $2,040,000 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
Redevelopment Lease Revenue Bonds	3/1/16	4/1/36	0.006 - 3.20%	$ 2,595,000	$ 2,040,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

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. The Village has pledged future tax increments within TID #1 to pay for the debt service on the lease revenue bonds.

Annual principal and interest maturities of the outstanding revenue bonds of $2,040,000 on December 31, 2021 are detailed below:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
2022	$ 115,000	$ 52,811	$ 167,811
2023	115,000	50,914	165,914
2024	120,000	48,708	168,708
2025	120,000	46,218	166,218
2026	125,000	43,490	168,490
2027 - 2031	670,000	167,856	837,856
2032 - 2036	775,000	62,450	837,450
Total	$ 2,040,000	$ 472,447	$ 2,512,447

Capital Lease

The Village is obligated under a 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 $259,075 and the related accumulated depreciation is $21,590 as of December 31, 2021. 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, 2021:

Year Ending	Governmental Activities
2022	$ 29,484
2023	29,484
2024	29,484
2025	29,484
2026	29,484
2027	112,800
Subtotal	260,220
Less: Amount Representing Interest	30,630
Present Value of Future Minimum Lease Payments	$ 229,590

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 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 Annual Comprehensive Financial Report (ACFR), 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 occupations, 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the 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 (%)
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	2.0	4
2018	2.4	17
2019	-	(10)
2020	1.7	21

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, 2021, the WRS recognized $129,191 in contributions from the Village.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives, and Elected Officials)	6.75%	6.75%
Protective With Social Security	6.75%	11.75%
Protective Without Social Security	6.75%	16.35%

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

At December 31, 2021, the Village reported an asset of $673,113 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.01078165%, which was an increase of 0.00018556% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense (revenue) of ($72,892).

At December 31, 2021, 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	$ 974,200	$ 209,841
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,263,714
Changes in Assumptions	15,268	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,697	1,099
Employer Contributions Subsequent to the Measurement Date	129,191	-
Total	$ 1,120,356	$ 1,474,654

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$129,191 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 asset in the year ended December 31, 2022. 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
2022	$ (124,573)
2023	(33,620)
2024	(228,480)
2025	(96,816)
Total	$ (483,489)

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, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
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
Postretirement Adjustments*	1.9%

* *No postretirement 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 postretirement discount rate.*

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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. The total pension asset for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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 geometric 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	51.0 %	7.2%	4.7%
Fixed Income	25.0 %	3.2%	0.8%
Inflation Sensitive Assets	16.0 %	2.0%	-0.4%
Real Estate	8.0 %	5.6%	3.1%
Private Equity/Debt	11.0 %	10.2%	7.6%
Multi-Asset	4.0 %	5.8%	3.3%
Cash	(15.0)%	0.9%	N/A
Total Core Fund	100.0 %	6.6%	4.1%
Variable Fund Asset Class			
U.S. Equities	70.0 %	6.6%	4.1%
International Equities	30.0 %	7.4%	4.9%
Total Variable Fund	100.0 %	7.1%	4.6%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). 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.

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%, 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%) or 1-percentage-point higher (8.00%) 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)	$ 640,710	$ (673,113)	$ (1,638,107)

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/about-etf/reports-and-studies/financial-reports-and-statements.

6. Payables to the Pension Plan

At December 31, 2021, the Village reported a payable of $31,560 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2021, nonspendable fund balance was as follows:

	General
Nonspendable:	
Inventories and Prepaid Items	$ 52,096
Advance to TIF #1	2,477,196
Total Nonspendable Fund Balance	$ 2,529,292

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, 2021, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for	
Fire Dues Expenditures	$ 65,332
Debt Service Fund:	
Restricted for	
Payment of Long-Term Debt Obligations	500,084
Capital Projects Funds:	
Restricted for	
TID #1 Debt	170,070
TID #3	73,969
TID #4	214,776
Total Capital Projects Funds Restricted Fund Balance	458,815
Total Restricted Fund Balance	$ 1,024,231

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2021, General Fund balance was committed as follows:

Special Revenue Funds:		
Committed for		
Fire Department Donations Expenditures	$	30,405
ARPA related projects		2
Park Projects		137,850
Total Committed Fund Balance	$	168,257

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, fund balance was assigned as follows:

General Fund:		
Assigned for Employee Settlements	$	7,875
Capital Projects Funds:		
Assigned for		
Capital Improvements:		338,230
Equipment Replacement		402,649
Subtotal		740,879
Total	$	748,754

Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 15% of current 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 2021 General Fund Expenditures	$	4,199,581
Minimum Fund Balance %		(x) 15%
Minimum Fund Balance Amount	$	629,937

The Village's unassigned General Fund balance of $936,352 is above the minimum fund balance amount.

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, 2021, the Village can recover $9,145,265 from future excess tax increment revenues of the following:

	Recoverable Costs
TID # 1	$ 6,658,045
TID # 2	1,190,955
TID # 3	(73,969)
TID # 4	1,370,234
Total	$ 9,145,265

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	2029
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.

NOTE 4 OTHER INFORMATION (CONTINUED)

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. The amount of settlements have not exceeded insurance coverage for each of the past three years.

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, except for the following items:

In March 2022, the Village reached a tentative settlement agreement for a lawsuit related to TID #2. The $990,000 settlement will be paid in two equal installments in 2022 and 2023 pending final full board approval in July 2022.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (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%
12/31/19	0.01059609%	(341,665)	1,379,693	24.76%	102.96%
12/31/20	0.01078165%	(673,113)	1,381,758	48.71%	105.26%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN 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	-	1,379,693	8.26%
12/31/20	123,113	123,113	-	1,381,758	8.91%
12/31/21	129,191	129,191	-	1,464,769	8.82%

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of Assumptions. No significant change in assumptions were noted from the prior year.

The Village is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

VILLAGE OF KRONENWETTER, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2021

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
Taxes:				
General Property	$ 1,094,850	$ 1,094,850	$ 1,094,851	$ 1
Mobile Home Taxes	3,900	3,900	3,952	52
Forest Crop	17,489	17,489	28,147	10,658
Interest and Taxes	30	30	-	(30)
Total Taxes	1,116,269	1,116,269	1,126,950	10,681
Intergovernmental:				
State:				
State Shared Taxes	1,650,695	1,650,695	1,673,110	22,415
Tax-Exempt Computer Aid	404	404	404	-
Transportation	322,941	322,941	322,518	(423)
Forest Crop and Severance Tax	3,250	3,250	29,233	25,983
Recycling Grant	28,185	28,185	28,578	393
Environmental Impact	34,627	34,627	34,627	-
Other Intergovernmental	7,523	7,523	3,641	(3,882)
County:				
Timber Sales	4,062	4,062	7,479	3,417
Total Intergovernmental	2,051,687	2,051,687	2,099,590	47,903
Licenses and Permits:				
Licenses:				
Occupational License	4,065	4,065	3,689	(376)
Dog License	1,672	1,672	1,195	(477)
Cable Franchise Fees	50,000	50,000	69,331	19,331
Permits:				
Building Permits	87,975	87,975	80,743	(7,232)
Excavating/Mining Permits	15,167	15,167	19,400	4,233
Plat Reviews	3,600	3,600	1,515	(2,085)
Other:				
Other Licenses/Permits	1,660	1,660	1,940	280
Other Regulatory Fees	2,219	2,219	1,600	(619)
Total Licenses and Permits	166,358	166,358	179,413	13,055
Fines and Forfeits:				
Court Fines and Penalties	23,718	23,718	23,793	75
Public Charges for Services:				
Public Record/Special Assessment Searches	6,000	6,000	6,907	907
Fire Department	-	-	851	851
Streets	9,574	9,574	22,159	12,585
Public Safety	-	-	1,105	1,105
Garbage/Refuse/Recycling	341,635	341,635	433,160	91,525
Other	-	-	257	257
Total Public Charges for Services	357,209	357,209	464,439	107,230
Intergovernmental Charges for Services				
Fire Protection	5,100	5,100	5,100	-
Miscellaneous:				
Interest	23,548	23,548	4,857	(18,691)
Rent of Village Property	2,000	2,000	1,800	(200)
Sale of Materials and Supplies	-	-	2,644	2,644
Private Donations	1,350	1,350	5,093	3,743
Miscellaneous	16,798	16,798	9,356	(7,442)
Total Miscellaneous	43,696	43,696	23,750	(19,946)
Total Revenues	$ 3,764,037	$ 3,764,037	$ 3,923,035	$ 158,998

VILLAGE OF KRONENWETTER, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2021

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
General Government:				
Village Board	$ 40,303	$ 40,303	$ 31,105	$ 9,198
Legal	11,400	11,400	16,474	(5,074)
Municipal Court	8,095	8,095	11,673	(3,578)
Office	55,280	55,280	62,830	(7,550)
Administrator	89,807	89,807	105,952	(16,145)
Deputy Clerk-Treasurer	13,070	13,070	12,916	154
Community Development/Zoning	64,224	64,224	64,852	(628)
Clerk	74,854	74,854	75,962	(1,108)
Secretary	77,147	77,147	73,434	3,713
Elections	14,577	14,577	7,282	7,295
Treasurer	72,263	72,263	66,066	6,197
Assessor	30,319	30,319	36,068	(5,749)
Municipal Building	92,760	92,760	81,097	11,663
Other General Government	136,968	136,968	108,173	28,795
Total General Government	781,067	781,067	753,884	27,183
Public Safety:				
Police and Fire Commissioner	6,550	6,550	4,775	1,775
Police Department	965,136	965,136	908,287	56,849
Police Clerk	52,376	52,376	50,274	2,102
Crossing Guards	5,296	5,296	4,797	499
Fire Department	129,671	129,671	110,391	19,280
First Responders	19,650	19,650	23,438	(3,788)
Ambulance	58,748	58,748	65,887	(7,139)
Building Inspector	48,584	48,584	31,251	17,333
Total Public Safety	1,286,011	1,286,011	1,199,100	86,911
Public Works:				
Engineering	105,000	105,000	24,884	80,116
Public Works Director	44,535	44,535	25,754	18,781
Road and Street Maintenance	908,834	908,834	822,655	86,179
Shop and Garage	19,137	19,137	13,345	5,792
Street Lighting	49,939	49,939	58,319	(8,380)
Storm Sewers	300,858	300,858	167,283	133,575
Solid Waste/Recycle Collection	405,089	405,089	420,523	(15,434)
Total Public Works	1,833,392	1,833,392	1,532,763	300,629
Health and Human Services:				
Animal and Insect Control	1,321	1,321	2,420	(1,099)
Culture and Recreation:				
Parks	186,495	186,495	89,538	96,957
Conservation and Development:				
Community Development/Zoning	50,045	50,045	42,326	7,719
Debt Service:				
Principal Retirement	-	-	29,484	(29,484)
Capital Outlay:				
Road Equipment	-	-	262,575	(262,575)
Road Construction	50,000	50,000	15,038	34,962
Police	10,150	10,150	20,642	(10,492)
Fire Department	1,100	1,100	1,158	(58)
Total Capital Outlay	61,250	61,250	299,413	(238,163)
Total Expenditures	$ 4,199,581	$ 4,199,581	$ 3,948,928	$ 250,653

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
ASSETS					
Cash and Investments	$ 347,958	$ 30,535	$ 66,601	$ 137,850	$ 2,782
Restricted Cash and Investments	-	-	-	-	-
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts, Net	-	-	-	-	40,792
Total Assets	$ 347,958	$ 30,535	$ 66,601	$ 137,850	$ 43,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ -	$ 130	$ 1,269	$ -	$ 1,843
Accrued and Other Current Liabilities	-	-	-	-	939
Unearned Revenues	347,956	-	-	-	-
Total Liabilities	347,956	130	1,269	-	2,782
Deferred Inflows of Resources:					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Fines Receivable	-	-	-	-	40,792
Total Deferred Inflows of Resources	-	-	-	-	40,792
Fund Balances:					
Restricted	-	-	65,332	-	-
Committed	2	30,405	-	137,850	-
Assigned	-	-	-	-	-
Total Fund Balances	2	30,405	65,332	137,850	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 347,958	$ 30,535	$ 66,601	$ 137,850	$ 43,574

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERMENTAL FUNDS
DECEMBER 31, 2021

	Capital Projects				
	TID #3	TID #4	Equipment Replacement	Capital Projects	Total
ASSETS					
Cash and Investments	$ -	$ -	$ 470,753	$ 408,419	$ 1,464,898
Restricted Cash and Investments	77,869	249,589	-	-	327,458
Receivables:					
Taxes and Special Charges	7,554	67,422	131,896	131,896	338,768
Accounts, Net	-	-	-	-	40,792
Total Assets	$ 85,423	$ 317,011	$ 602,649	$ 540,315	$ 2,171,916
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ -	$ -	$ -	$ 2,085	$ 5,327
Accrued and Other Current Liabilities	-	-	-	-	939
Unearned Revenues	-	-	-	-	347,956
Total Liabilities	-	-	-	2,085	354,222
Deferred Inflows of Resources:					
Property Taxes Levied for Subsequent Year	11,454	102,235	200,000	200,000	513,689
Fines Receivable	-	-	-	-	40,792
Total Deferred Inflows of Resources	11,454	102,235	200,000	200,000	554,481
Fund Balances:					
Restricted	73,969	214,776	-	-	354,077
Committed	-	-	-	-	168,257
Assigned	-	-	402,649	338,230	740,879
Total Fund Balances	73,969	214,776	402,649	338,230	1,263,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 85,423	$ 317,011	$ 602,649	$ 540,315	$ 2,171,916

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	74,853	-	28,171	-	-
Fines and Forfeits	-	-	-	-	14,152
Public Charges for Services	-	-	-	7,236	-
Miscellaneous	2	40,286	474	3,695	-
Total Revenues	74,855	40,286	28,645	10,931	14,152
EXPENDITURES					
Current:					
General Government	-	-	-	-	46,028
Public Safety	-	-	7,462	-	-
Public Works	74,853	-	-	-	-
Culture and Recreation	-	22,886	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	17,967	-
Total Expenditures	74,853	22,886	7,462	17,967	46,028
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2	17,400	21,183	(7,036)	(31,876)
OTHER FINANCING SOURCES					
Long-Term Debt Issued - Refunding Bonds	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-
Payment to Current Noteholder	-	-	-	-	-
Transfers In	-	-	-	34,750	31,876
Total Other Financing Sources (Uses)	-	-	-	34,750	31,876
NET CHANGE IN FUND BALANCE	2	17,400	21,183	27,714	-
Fund Balance - January 1	-	13,005	44,149	110,136	-
FUND BALANCE - DECEMBER 31	$ 2	$ 30,405	$ 65,332	$ 137,850	$ -

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Capital Projects				
	TID #3	TID #4	Equipment Replacement	Capital Projects	Total
REVENUES					
Taxes	$ 14,002	$ 109,217	$ 130,000	$ 100,000	$ 353,219
Intergovernmental	982	817	-	128,433	233,256
Fines and Forfeits	-	-	-	-	14,152
Public Charges for Services	-	-	-	-	7,236
Miscellaneous	208	82,988	7,249	276	135,178
Total Revenues	15,192	193,022	137,249	228,709	743,041
EXPENDITURES					
Current:					
General Government	-	-	2,263	-	48,291
Public Safety	-	-	-	-	7,462
Public Works	-	-	-	-	74,853
Culture and Recreation	-	-	-	-	22,886
Conservation and Development	1,236	1,234	-	-	2,470
Debt Service:					
Principal	-	50,000	-	-	50,000
Interest and Fiscal Charges	-	60,421	-	-	60,421
Capital Outlay	-	-	40,528	71,979	130,474
Total Expenditures	1,236	111,655	42,791	71,979	396,857
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,956	81,367	94,458	156,730	346,184
OTHER FINANCING SOURCES					
Long-Term Debt Issued - Refunding Bonds	-	1,585,000	-	-	1,585,000
Premium on Debt Issued	-	164,051	-	-	164,051
Payment to Current Noteholder	-	(1,721,082)	-	-	(1,721,082)
Transfers In	-	-	-	-	66,626
Total Other Financing Sources (Uses)	-	27,969	-	-	94,595
NET CHANGE IN FUND BALANCE	13,956	109,336	94,458	156,730	440,779
Fund Balance - January 1	60,013	105,440	308,191	181,500	822,434
FUND BALANCE - DECEMBER 31	$ 73,969	$ 214,776	$ 402,649	$ 338,230	$ 1,263,213

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*

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, 2021, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated July 13, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, and 2020-004 to be significant deficiencies.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Kronenwetter's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Village of Kronenwetter's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
July 13, 2022

Internal Control Over Financial Reporting

2021-001

Segregation of Duties
Repeat of Finding 2020-001

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.

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 errors and intentional fraud.

Internal Control Over Financial Reporting (Continued)

2021-002

Preparation of Annual Financial Report
Repeat of Finding 2020-002

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. However, as independent auditors, CLA cannot be considered part of the Village's internal control system. As part of its internal control over preparation of its financial statements, including note disclosures, the Village had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria
The preparation and review of the annual financial 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
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. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations. 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.

Internal Control Over Financial Reporting (Continued)

2021-002

Preparation of Annual Financial Report continued

Management Response

We agree with the auditors' comments and will continue to review the annual financial report. Additionally, the village has and will continue to reach out to other government resources such as the Marathon County Treasurer's office and other municipal government finance departments on best practices. We will continue to attend MTAW and League of Wisconsin Municipalities conferences to develop personnel knowledge and skills.

2021-003

Adjustments to the Village's Financial Records
Repeat of Finding 2020-003

Type of Finding

Material Weakness 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.

Criteria

Material 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.

Management Response

We agree with the auditors' comments and will continue to work to improve financial record keeping processes. Additionally, the village has and will continue to reach out to other government resources such as the Marathon County Treasurer's office and other municipal government finance departments on best practices. We will continue to attend MTAW and League of Wisconsin Municipalities conferences to develop personnel knowledge and skills.

Internal Control Over Financial Reporting (Continued)

2021-004

Timely Bank Account Reconciliations
Repeat Finding: No

Type of Finding

Significant Deficiency in internal control over financial reporting.

Condition

Cash reconciliations of the Village's bank accounts, including the general checking account, were not completed for the months of October, November, and December 2021 until April 2022. This resulted in several transactions not being properly recorded.

Criteria

A cash reconciliation is an internal control designed to ensure all transactions are properly recorded, and that errors have not been made either by bank or Village personnel.

Cause

Bank reconciliations were not completed timely due to turnover in the finance director position and a delay in obtaining access to bank systems for the new finance director.

Effect

The Village may not detect errors or cases of intentional fraud in a timely manner without a timely and accurate cash reconciliation.

Recommendation

We recommend the Village develop and implement procedures to ensure bank reconciliations are completed timely and to design contingency plans to ensure reconciliations and other financial procedures are completed when the personnel responsible for this task are unavailable.

Management Response

The Village is considering utilizing third party resources such as CLA to assist in the future should this deficiency not be resolved in a timely manner. In addition, the lack of access to bank statements and portals has been mitigated by the Finance Director downloading and saving all statements to a shared drive on a monthly basis.