VILLAGE OF KRONENWETTER, WISCONSIN

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective January 1, 2022, the Village adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

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.

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 opinions on the basic financial statements are 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 September 26, 2023, 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
September 26, 2023

BASIC FINANCIAL STATEMENTS

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 4,496,438	$ 2,749,150	$ 7,245,588
Receivables:			
Taxes and Special Charges	2,524,451	-	2,524,451
Delinquent Taxes	2,379	-	2,379
Accounts, Net	83,887	258,978	342,865
Leases	-	692,865	692,865
Special Assessments	95,561	-	95,561
Other	-	8,361	8,361
Inventories and Prepaid Items	13,911	23,118	37,029
Restricted Assets:			
Cash and Investments	1,257,432	283,428	1,540,860
Net Pension Asset	794,745	84,202	878,947
Preliminary Survey	-	108,954	108,954
Capital Assets, Not being Depreciated	2,142,002	329,679	2,471,681
Capital Assets, being Depreciated and Amortized	17,153,002	18,419,885	35,572,887
Total Assets	28,563,808	22,958,620	51,522,428
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,543,746	167,526	1,711,272
LIABILITIES			
Accounts Payable	706,567	82,466	789,033
Accrued and Other Current Liabilities	83,009	8,022	91,031
Due to Other Governments	342	-	342
Accrued Interest Payable	72,830	-	72,830
Unearned Revenues	407,652	-	407,652
Long-Term Obligations:			
Due Within One Year	1,098,363	-	1,098,363
Due in More than One Year	8,765,886	-	8,765,886
Total Liabilities	11,134,649	90,488	11,225,137
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	4,479,412	-	4,479,412
Leases Receivable	-	692,865	692,865
Pension Related Amounts	1,871,065	198,236	2,069,301
Total Deferred Inflows of Resources	6,350,477	891,101	7,241,578
NET POSITION			
Net Investment in Capital Assets	13,332,987	18,702,388	32,035,375
Restricted:			
Debt Service	754,385	-	754,385
Capital Projects - TIDs	227,836	-	227,836
Fire Dues Activities	75,313	-	75,313
Pension Benefits	794,745	84,202	878,947
Capital Replacement	-	283,428	283,428
Unrestricted Balance (Deficit)	(2,562,838)	3,074,539	511,701
Total Net Position	$ 12,622,428	$ 22,144,557	$ 34,766,985

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	$ 827,123	$ 126,935	$ 10,383	$ -
Public Safety	1,326,923	79,216	147,412	-
Public Works	2,433,547	497,381	404,305	-
Health and Human Services	2,160	-	-	-
Culture and Recreation	177,335	6,420	3,129	-
Conservation and Development	83,075	13,152	-	72,714
Interest and Fiscal Charges	135,616	-	-	-
Total Governmental Activities	4,985,779	723,104	565,229	72,714
BUSINESS-TYPE ACTIVITIES				
Water Utility	546,471	839,612	-	650
Sewer Utility	779,715	663,121	-	2,563
Total Business-Type Activities	1,326,186	1,502,733	-	3,213
Total	$ 6,311,965	$ 2,225,837	$ 565,229	$ 75,927

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	$ (689,805)	$ -	$ (689,805)
Public Safety	(1,100,295)	-	(1,100,295)
Public Works	(1,531,861)	-	(1,531,861)
Health and Human Services	(2,160)	-	(2,160)
Culture and Recreation	(167,786)	-	(167,786)
Conservation and Development	2,791	-	2,791
Interest and Fiscal Charges	(135,616)	-	(135,616)
Total Governmental Activities	(3,624,732)	-	(3,624,732)
BUSINESS-TYPE ACTIVITIES			
Water Utility	-	293,791	293,791
Sewer Utility	-	(114,031)	(114,031)
Total Business-Type Activities	-	179,760	179,760
Total	(3,624,732)	179,760	(3,444,972)
GENERAL REVENUES			
Taxes:			
Property Taxes	2,501,978	-	2,501,978
Tax Increments	1,149,951	-	1,149,951
Other Taxes	39,763	-	39,763
Federal and State Grants and Other Contributions Not Restricted to Specific Functions	2,089,624	-	2,089,624
Interest and Investment Earnings	51,383	10,958	62,341
Miscellaneous	136,746	4,179	140,925
TRANSFERS	(348,739)	348,739	-
Total General Revenues and Transfers	5,620,706	363,876	5,984,582
CHANGE IN NET POSITION	1,995,974	543,636	2,539,610
Net Position -January 1	10,626,454	21,600,921	32,227,375
NET POSITION - DECEMBER 31	$ 12,622,428	$ 22,144,557	$ 34,766,985

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	TID #1
ASSETS			
Cash and Investments	$ 2,371,385	$ 543,362	$ -
Restricted Cash and Investments	-	-	171,557
Receivables:			
Taxes and Special Charges	1,191,184	404,406	164,405
Delinquent Taxes	2,379	-	-
Accounts, Net	40,538	-	-
Special Assessments	-	95,561	-
Advance to Other Funds	2,471,902	312,329	-
Inventories and Prepaid Items	13,911	-	-
Total Assets	$ 6,091,299	$ 1,355,658	$ 335,962
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts Payable	$ 185,253	$ -	$ -
Accrued and Other Current Liabilities	81,947	-	74
Advance from Other Funds	-	-	2,471,902
Due to Other Governments	342	-	-
Unearned Revenues	-	-	-
Total Liabilities	267,542	-	2,471,976
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,171,616	700,000	284,574
Fines Receivable	-	-	-
Special Assessments	-	95,561	-
Total Deferred Inflows of Resources	2,171,616	795,561	284,574
FUND BALANCES (DEFICITS)			
Nonspendable	2,485,813	-	-
Restricted	-	560,097	171,557
Committed	-	-	-
Assigned	292,875	-	-
Unassigned Balance (Deficit)	873,453	-	(2,592,145)
Total Fund Balances (Deficits)	3,652,141	560,097	(2,420,588)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 6,091,299	$ 1,355,658	$ 335,962

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	TID #2	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	$ -	$ 1,581,691	$ 4,496,438
Restricted Cash and Investments	785,289	300,586	1,257,432
Receivables:			
Taxes and Special Charges	549,422	215,034	2,524,451
Delinquent Taxes	-	-	2,379
Accounts, Net	-	43,349	83,887
Special Assessments	-	-	95,561
Advance to Other Funds	-	-	2,784,231
Inventories and Prepaid Items	-	-	13,911
Total Assets	$ 1,334,711	$ 2,140,660	$ 11,258,290
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts Payable	$ 495,000	$ 26,314	$ 706,567
Accrued and Other Current Liabilities	182	806	83,009
Advance from Other Funds	312,329	-	2,784,231
Due to Other Governments	-	-	342
Unearned Revenues	-	407,652	407,652
Total Liabilities	807,511	434,772	3,981,801
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	951,013	372,209	4,479,412
Fines Receivable	-	43,349	43,349
Special Assessments	-	-	95,561
Total Deferred Inflows of Resources	951,013	415,558	4,618,322
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	2,485,813
Restricted	-	303,149	1,034,803
Committed	-	164,806	164,806
Assigned	-	822,375	1,115,250
Unassigned Balance (Deficit)	(423,813)	-	(2,142,505)
Total Fund Balances (Deficits)	(423,813)	1,290,330	2,658,167
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 1,334,711	$ 2,140,660	$ 11,258,290

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, 2022

Total Fund Balances as Shown on Previous Page	$ 2,658,167
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.	19,295,004
Long-term assets are not current financial resources and therefore are not reported in the funds:	
Net Pension Asset	794,745
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Special Assessments	95,561
Fines Receivable	43,349
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	1,543,746
Deferred Inflows Related to Pensions	(1,871,065)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(8,860,000)
Premium on Debt	(619,293)
Compensated Absences	(160,235)
Financed Purchases Payable	(206,835)
Leases Payable	(17,886)
Accrued Interest on Long-Term Obligations	(72,830)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ 12,622,428

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, 2022

	General	Debt Service	TID #1
REVENUES			
Taxes	$ 1,391,741	$ 750,000	$ 296,365
Special Assessments	-	8,245	-
Intergovernmental	2,144,838	-	568
Licenses and Permits	161,665	-	-
Fines and Forfeits	24,526	-	-
Public Charges for Services	507,224	-	-
Intergovernmental Charges for Services	5,100	-	-
Miscellaneous	97,830	5,818	57,419
Total Revenues	4,332,924	764,063	354,352
EXPENDITURES			
Current:			
General Government	768,782	-	1,088
Public Safety	1,277,151	-	-
Public Works	1,784,243	-	-
Health and Human Services	2,160	-	-
Culture and Recreation	105,091	-	-
Conservation and Development	38,138	-	6,669
Debt Service:			
Principal	27,710	565,000	310,000
Interest and Fiscal Charges	7,203	139,050	116,523
Capital Outlay	76,634	-	-
Total Expenditures	4,087,112	704,050	434,280
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	245,812	60,013	(79,928)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	27,623	-	-
Transfers In	1,280	-	67,384
Transfers Out	(96,093)	-	-
Total Other Financing Sources (Uses)	(67,190)	-	67,384
NET CHANGE IN FUND BALANCE	178,622	60,013	(12,544)
Fund Balance (Deficit) - January 1	3,473,519	500,084	(2,408,044)
FUND BALANCE (DEFICIT) - DECEMBER 31	$ 3,652,141	$ 560,097	$ (2,420,588)

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, 2022

	TID #2	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 739,897	$ 513,689	$ 3,691,692
Special Assessments	-	-	8,245
Intergovernmental	44,295	465,966	2,655,667
Licenses and Permits	-	-	161,665
Fines and Forfeits	-	13,650	38,176
Public Charges for Services	-	-	507,224
Intergovernmental Charges for Services	-	1,174	6,274
Miscellaneous	7,920	70,627	239,614
Total Revenues	792,112	1,065,106	7,308,557
EXPENDITURES			
Current:			
General Government	2,054	44,849	816,773
Public Safety	-	21,241	1,298,392
Public Works	-	352,314	2,136,557
Health and Human Services	-	-	2,160
Culture and Recreation	-	43,588	148,679
Conservation and Development	17,861	1,760	64,428
Debt Service:			
Principal	-	150,000	1,052,710
Interest and Fiscal Charges	1,554	47,200	311,530
Capital Outlay	3,500	405,479	485,613
Total Expenditures	24,969	1,066,431	6,316,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	767,143	(1,325)	991,715
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	-	27,623
Transfers In	-	28,709	97,373
Transfers Out	(1)	(267)	(96,361)
Total Other Financing Sources (Uses)	(1)	28,442	28,635
NET CHANGE IN FUND BALANCE	767,142	27,117	1,020,350
Fund Balance (Deficit) - January 1	(1,190,955)	1,263,213	1,637,817
FUND BALANCE (DEFICIT) - DECEMBER 31	$ (423,813)	$ 1,290,330	$ 2,658,167

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, 2022

Net Change in Fund Balances as Shown on Previous Page	$ 1,020,350
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	516,755
Depreciation and Amortization Expense Reported in the Statement of Activities	(928,931)
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.	(5,705)
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.	
Principal Paid on Long-Term Debt	1,025,000
Principal Paid on Financed Purchases Payable	22,755
Principal Paid on Leases Payable	4,955
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	9,696
Amortization of Premiums, Discounts, and Loss on Advance Refunding	166,218
Compensated Absences	(11,173)
Net Pension Asset (Liability)	171,387
Deferred Outflows of Resources Related to Pensions	510,081
Deferred Inflows of Resources Related to Pensions	(505,414)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$ 1,995,974

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, 2022

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 1,373,573	$ 1,373,573	$ 1,391,741	$ 18,168
Intergovernmental	2,471,781	2,473,281	2,144,838	(328,443)
Licenses and Permits	144,033	144,033	161,665	17,632
Fines and Forfeits	20,811	20,811	24,526	3,715
Public Charges for Services	476,163	476,163	507,224	31,061
Intergovernmental Charges for Services	5,100	5,100	5,100	-
Miscellaneous	21,108	77,096	97,830	20,734
Total Revenues	4,512,569	4,570,057	4,332,924	(237,133)
EXPENDITURES				
Current:				
General Government	735,283	788,640	768,782	19,858
Public Safety	1,315,351	1,365,965	1,277,151	88,814
Public Works	1,905,764	1,802,673	1,784,243	18,430
Health and Human Services	2,220	2,220	2,160	60
Culture and Recreation	155,268	157,623	105,091	52,532
Conservation and Development	50,345	44,797	38,138	6,659
Debt Service:				
Principal	-	-	27,710	(27,710)
Interest and Fiscal Charges	-	-	7,203	(7,203)
Capital Outlay	9,000	68,800	76,634	(7,834)
Total Expenditures	4,173,231	4,230,718	4,087,112	143,606
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	339,338	339,339	245,812	(93,527)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	27,623	27,623
Transfers In	-	-	1,280	1,280
Transfers Out	(91,565)	(91,565)	(96,093)	(4,528)
Total Other Financing Sources (Uses)	(91,565)	(91,565)	(67,190)	24,375
NET CHANGE IN FUND BALANCE	247,773	247,774	178,622	(69,152)
Fund Balance - January 1	3,473,519	3,473,519	3,473,519	-
FUND BALANCE (DEFICIT) - DECEMBER 31	$ 3,721,292	$ 3,721,293	$ 3,652,141	$ (69,152)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water Utility	Sewer Utility	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 1,673,077	$ 1,076,073	$ 2,749,150
Receivables:			
Customer Accounts	136,933	122,045	258,978
Leases	14,233	-	14,233
Other	6,246	2,115	8,361
Inventories and Prepaid Items	21,532	1,586	23,118
Total Current Assets	1,852,021	1,201,819	3,053,840
Noncurrent Assets:			
Restricted Assets:			
Cash and Investments	-	283,428	283,428
Leases	678,632	-	678,632
Net Pension Asset	43,651	40,551	84,202
Preliminary Survey	108,954	-	108,954
Capital Assets:			
Nondepreciable	329,679	-	329,679
Depreciable	9,187,458	9,232,427	18,419,885
Total Capital Assets	9,517,137	9,232,427	18,749,564
Total Noncurrent Assets	10,348,374	9,556,406	19,904,780
Total Assets	12,200,395	10,758,225	22,958,620
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	86,853	80,673	167,526
LIABILITIES			
Current Liabilities:			
Accounts Payable	53,030	29,436	82,466
Accrued and Other Current Liabilities	3,267	4,755	8,022
Total Current Liabilities	56,297	34,191	90,488
DEFERRED INFLOWS OF RESOURCES			
Leases Receivable	692,865	-	692,865
Pension Related Amounts	102,767	95,469	198,236
Total Deferred Inflows of Resources	795,632	95,469	891,101
NET POSITION			
Net Investment in Capital Assets	9,469,961	9,232,427	18,702,388
Restricted:			
Pension Benefits	43,651	40,551	84,202
Capital Replacement	-	283,428	283,428
Unrestricted	1,921,707	1,152,832	3,074,539
Total Net Position	$ 11,435,319	$ 10,709,238	$ 22,144,557

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, 2022

	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for Services	$ 794,472	$ 646,727	$ 1,441,199
Other	45,140	16,394	61,534
Total Operating Revenues	839,612	663,121	1,502,733
OPERATING EXPENSES			
Operation and Maintenance	327,857	549,503	877,360
Depreciation	218,614	226,167	444,781
Taxes	-	4,045	4,045
Total Operating Expenses	546,471	779,715	1,326,186
OPERATING INCOME (LOSS)	293,141	(116,594)	176,547
NONOPERATING REVENUES			
Interest Income	3,942	7,016	10,958
Other Nonoperating Revenues	4,179	-	4,179
Total Nonoperating Revenues	8,121	7,016	15,137
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	301,262	(109,578)	191,684
CAPITAL CONTRIBUTIONS	350,401	2,563	352,964
TRANSFERS			
Transfers Out	(506)	(506)	(1,012)
CHANGE IN NET POSITION	651,157	(107,521)	543,636
Net Position - January 1	10,784,162	10,816,759	21,600,921
NET POSITION - DECEMBER 31	$ 11,435,319	$ 10,709,238	$ 22,144,557

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 805,291	$ 661,747	$ 1,467,038
Cash Paid for Employee Wages and Benefits	(153,315)	(181,689)	(335,004)
Cash Paid to Suppliers	(170,556)	(396,534)	(567,090)
Miscellaneous Nonoperating Income	4,179	-	4,179
Net Cash Provided by Operating Activities	485,599	83,524	569,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer Out	(506)	(506)	(1,012)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(132,357)	(67,761)	(200,118)
Cash Received from Leases of Utility Assets	31,360	-	31,360
Net Cash Used by Capital and Related Financing Activities	(100,997)	(67,761)	(168,758)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	3,942	7,016	10,958
CHANGE IN CASH AND INVESTMENTS	388,038	22,273	410,311
Cash and Investments - January 1	1,285,039	1,337,228	2,622,267
CASH AND INVESTMENTS - DECEMBER 31	$ 1,673,077	$ 1,359,501	$ 3,032,578

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 293,141	$ (116,594)	$ 176,547
Cash Received from Leases of Utility Capital Assets	(31,360)	-	(31,360)
Miscellaneous Nonoperating Income	4,179	-	4,179
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	218,614	226,167	444,781
Depreciation Charged to Sewer Utility	22,405	(22,405)	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in Pension Asset/Liability	(18,046)	(16,401)	(34,447)
Change in Pension Deferred Outflow	(42,064)	(38,771)	(80,835)
Change in Pension Deferred Inflow	46,671	42,562	89,233
(Increase) Decrease in Operating Assets:			
Accounts Receivable	(2,931)	(1,374)	(4,305)
Other Receivables	(6,183)	(2,115)	(8,298)
Inventories and Prepaid Items	929	2,134	3,063
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	(989)	7,954	6,965
Accrued and Other Current Liabilities	1,233	2,367	3,600
Net CashProvided by Operating Activities	$ 485,599	$ 83,524	$ 569,123
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents in Current Assets	$ 1,673,077	$ 1,076,073	$ 2,749,150
Cash and Cash Equivalents in Restricted Assets	-	283,428	283,428
Total Cash and Investments	$ 1,673,077	$ 1,359,501	$ 3,032,578
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Developer and Municipal Contributed Capital Assets	$ 350,401	$ 2,563	$ 352,964
Capital Assets Purchased on Account with Vendors	$ 47,176	$ -	$ 47,176

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	$ 4,192,038
Receivables:	
Taxes and Special Charges	5,742,988
Total Assets	9,935,026
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	9,935,026
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, 2022

	Tax Collection Custodial Fund
ADDITIONS	
Property Tax Collections	$ 10,019,501
DEDUCTIONS	
Payments to Taxing Jurisdictions	10,019,501
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 2022.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $102,605 have been shown net of an allowance for uncollectible accounts of $18,718.

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. Leases Receivable

The Village determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the Village's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Village recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Village has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Village accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Village treats the components as a single lease unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. 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 2022 tax roll are recognized as revenue in 2023.)

7. 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.

8. 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.

9. 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)

10. 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 and right-to-use lease assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
	Years	
Land Improvements	10 to 20	10 to 20
Right-to-Use Lease Land Improvements	3 to 5	3 to 5
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
Right-to-Use Lease Machinery and Equipment	3 to 5	3 to 5
Infrastructure	15 to 50	20 to 100

11. 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.

12. 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)

12. 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.

13. 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.

14. Leases Payable

The Village determines if an arrangement is a lease at inception. Leases are included in right-to-use lease assets and lease liabilities in the statements of net position.

Right-to-use lease assets represent the Village's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Village's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Leases Payable (Continued)

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Village will exercise that option.

The Village recognizes payments for short-term leases with a lease term of 12 months or less, including options to extend, as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not always provide information about the discount rate implicit in the lease. Therefore, the Village has elected to use their incremental borrowing rate to calculate the present value of expected lease payments when it is not explicitly stated in the contract.

The Village accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Village treats the components as a single lease unit.

15. 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 the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Fund Equity

<u>Governmental Fund Financial Statements</u>
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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

Restricted Fund Balance – Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.

Assigned Fund Balance – Amounts that are constrained for specific purposes by action of Village management. The Village Board has not authorized any Village official or committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

Government-Wide and Proprietary Fund Statements

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

Net investment in Capital Assets – Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Net position that is neither classified as restricted nor as net investment in capital assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Adoption of New Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Village adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. As a result of the implementation of this standard, the Village recorded right-to-use assets and related leases payable of $22,841 for governmental activities as of January 1, 2022. The Village also recorded $714,139 in leases receivable and deferred inflows of resources related to those receivables for business-type activities as of January 1, 2022.

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.

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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, 2022.

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, 2022, as follows:

Function/Activity	Excess Expenditures
General:	
General Government:	
Municipal Court	$ 1,149
Office	47,710
Elections	4,544
Assessor	520
Public Safety:	
Fire Department	30,991
First Responders	876
Ambulance	10,302
Public Works:	
Road and Street Maintenance	1,735
Storm Sewers	9,679
Debt Service:	
Principal Retirement	27,710
Interest and Fiscal Charges	7,203
Capital Outlay	
Road Construction	6,221
Police	1,613

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2022:

Fund	Deficit Fund Balance
Tax Incremental District No. 1	$ 2,420,588
Tax Incremental District No. 2	423,813

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

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 2022 and 2023 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 2022 budget was 2.98%. The actual limit for the Village for the 2023 budget was 0.82%. 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 $12,978,486 on December 31, 2022, as summarized below:

Petty Cash and Cash on Hand	$ 1,020
Deposits with Financial Institutions	12,857,452
Investments:	
Wisconsin Local Government Investment Pool	120,014
Total	$ 12,978,486

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	$	7,245,588
Restricted Cash and Investments		1,540,860
Custodial Fund Statement of Net Position:		
Cash and Investments		4,192,038
Total	$	12,978,486

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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, 2022, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

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	$ 120,014	$ -	$ -	$ -	$ 120,014

Concentration of Credit Risk

At December 31, 2022, 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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. As of December 31, 2022, the Wisconsin local government investment pool had a weighted average maturity of 15 days.

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			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	$ 120,014	$ 120,014	$ -	$ -	$ -

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin Local Government Investment Pool of $120,014 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, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

B. Restricted Assets

Restricted cash and investments of the governmental activities on December 31, 2022, totaled $1,257,432. $171,557 is being held as debt service reserve funds for the lease revenue bonds and $1,085,875 for project plan expenditures and debt service payments of the tax incremental districts. Restricted cash and investments of the business-type activities on December 31, 2022, totaled $283,428 and is being held for sewer capital asset replacement.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Leases Receivable

A summary of the Village's lease terms and interest rates is as follows:

Business-Type Activities:
Tower/ground lease. Annual installments ranging from $31,360 to $49,346 including interest at 2.50%, due dates through 2045.

The lease listed above provides for increases in future minimum annual rental payments.

For the year ended December 31, 2022, the Village received $21,274 in lease revenue and $10,086 in interest on the lease's receivable.

Total future minimum lease payments to be received under lease agreements are as follows:

	Business-type Activities		
Year Ended December 31,	Principal	Interest	Total
2023	$ 14,233	$ 17,127	$ 31,360
2024	14,592	16,768	31,360
2025	14,961	16,399	31,360
2026	19,150	15,973	35,123
2027	19,635	15,489	35,124
2028 to 2032	114,520	69,525	184,045
2023 to 2037	153,235	52,897	206,132
2038 to 2042	199,916	30,951	230,867
2043 to 2045	142,623	5,413	148,036
Total	$ 692,865	$ 240,542	$ 933,407

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not being Depreciated:				
Land	$ 2,142,002	$ -	$ -	$ 2,142,002
Capital Assets, being Depreciated and Amortized:				
Land Improvements	1,110,229	-	-	1,110,229
Right-to-Use Lease Land Improvements	11,898	-	-	11,898
Parks	2,526,392	28,375	-	2,554,767
Buildings and Improvements	4,007,645	-	-	4,007,645
Machinery and Equipment	3,789,072	409,030	80,500	4,117,602
Right-to-Use Lease Machinery and Equipment	10,943	-	-	10,943
Infrastructure	17,289,771	79,350	-	17,369,121
Subtotal	28,745,950	516,755	80,500	29,182,205
Less Accumulated Depreciation and Amortization for:				
Land Improvements	191,784	22,781	-	214,565
Right-to-Use Lease Land Improvements	-	2,975	-	2,975
Parks	647,378	72,937	-	720,315
Buildings and Improvements	1,813,949	102,427	-	1,916,376
Machinery and Equipment	2,190,057	238,471	80,500	2,348,028
Right-to-Use Lease Machinery and Equipment	-	2,794	-	2,794
Infrastructure	6,337,604	486,546	-	6,824,150
Subtotal	11,180,772	928,931	80,500	12,029,203
Total Capital Assets Being Depreciated and Amortized, Net	17,565,178	(412,176)	-	17,153,002
Governmental Activities Capital Assets, Net	$ 19,707,180	$ (412,176)	$ -	19,295,004
Less: Capital Related Debt				5,955,457
Less: Capital Related Accounts Payable				6,560
Net Investment in Capital Assets				$ 13,332,987

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87. See Note 1.F.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not being Depreciated:				
Land	$ 170,009	$ -	$ -	$ 170,009
Construction in Progress	50,221	159,670	50,221	159,670
Total Capital Assets Not being Depreciatd	220,230	159,670	50,221	329,679
Capital Assets, being Depreciated and Amortized:				
Buildings and Improvements	320,754	304,743	-	625,497
Machinery and Equipment	2,668,602	162,707	6,843	2,824,466
Infrastructure	22,843,487	23,359	-	22,866,846
Subtotal	25,832,843	490,809	6,843	26,316,809
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	146,301	13,440	-	159,741
Machinery and Equipment	1,643,382	130,444	6,843	1,766,983
Infrastructure	5,669,303	300,897	-	5,970,200
Subtotal	7,458,986	444,781	6,843	7,896,924
Total Capital Assets Being Depreciated and Amortized, Net	18,373,857	46,028	-	18,419,885
Business-Type Activities Capital Assets, Net	$ 18,594,087	$ 205,698	$ 50,221	18,749,564
Less: Capital Related Accounts Payable				47,176
Net Investment in Capital Assets				$ 18,702,388

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

Governmental Activities:	
General Government	$ 92,089
Public Safety	111,343
Public Works	647,196
Culture and Recreation	58,258
Conservation and Development	20,045
Total Depreciation And Amortization Expense - Governmental Activities	$ 928,931
Business-Type Activities:	
Water Utility	$ 218,614
Sewer Utility	226,167
Total Depreciation And Amortization Expense - Business-Type Activities	$ 444,781

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2022, are detailed below:

	Interfund Receivables	Interfund Payables
Advances to Other Funds:		
Governmental Funds		
General Fund	$ 2,471,902	$ -
Debt Service Fund	312,329	-
Capital Projects Funds:		
TID #1	-	2,471,902
TID #2	-	312,329
Total	$ 2,784,231	$ 2,784,231

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, 2022, were as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 1,280	$ 96,093
Municipal Court	28,709	267
TID #1	67,384	-
TID #2	-	1
Water Utility	-	506
Sewer Utility	-	506
Total	97,373	97,373
Less: Government-Wide Eliminations	(96,361)	(96,361)
Less: Contributions from ARPA Fund for Water Utility Capital Assets	(349,751)	(349,751)
Transfers per Statement of Activities	$ (348,739)	$ (348,739)

Interfund transfers were made for the following purposes:

To Cover Municipal Court Expenditures Not Covered by Fines	$ 28,709
TIF #1 Budgeted Transfer from General Fund	67,384
Postage Machine Lease Payment Reimbursements	1,280
Total	$ 97,373

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2022:

	Beginning Balance (1)	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	$ 6,555,000	$ -	$ 660,000	$ 5,895,000	$ 700,000
Notes	1,290,000	-	250,000	1,040,000	255,000
Total General Obligation Debt	7,845,000	-	910,000	6,935,000	955,000
Redevelopment Revenue Bonds	2,040,000	-	115,000	1,925,000	115,000
Debt Premium	785,511	-	166,218	619,293	-
Financed Purchases Payable	229,590	-	22,755	206,835	23,282
Leases Payable	22,841	-	4,955	17,886	5,081
Compensated Absences	149,062	30,819	19,646	160,235	-
Governmental Activities Long-Term Obligations	$ 11,072,004	$ 30,819	$ 1,238,574	$ 9,864,249	$ 1,098,363

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87. See Note 1.F.

Total interest paid during the year on long-term debt totaled $309,365.

<u>General Obligation Debt</u>

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
General Obligation Notes	12/17/2018	3/1/2028	3.00 %	$ 1,290,000	$ 1,040,000
General Obligation Refunding Bonds	2/3/2021	4/1/2034	4.00	4,685,000	4,305,000
General Obligation Refunding Bonds	2/3/2021	4/1/2030	2.00	1,870,000	1,590,000
Total Outstanding General Obligation Debt					$ 6,935,000

Annual principal and interest maturities of the outstanding general obligation debt of $6,935,000 on December 31, 2022, are detailed below:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
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	1,000,000	83,400	1,083,400
2028 to 2032	1,925,000	121,125	2,046,125
2033 to 2034	200,000	8,000	208,000
Total	$ 6,935,000	$ 948,800	$ 7,883,800

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

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

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2022, was $33,955,295 as follows:

Equalized Value per Wisconsin Department of Revenue	$ 817,805,900
Debt Limitation Percentage (5% Municipality)	5.00%
Total Allowable GO Debt	40,890,295
Less: Current GO Debt	6,935,000
Debt Margin	$ 33,955,295

Revenue Bonds

Revenue bonds outstanding on December 31, 2022, totaled $1,925,000 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
Redevelopment Lease Revenue Bonds	3/1/2016	4/1/2036	0.006% to 3.20%	$ 2,595,000	$ 1,925,000

The Redevelopment lease revenue bonds are obligations of the Redevelopment Authority of the Village of Kronenwetter and are payable from the income and revenues of the Authority derived from a lease agreement with the Village. 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 $1,925,000 on December 31, 2022, are detailed below:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
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	125,000	40,521	165,521
2028 to 2032	690,000	149,210	839,210
2033 to 2036	630,000	40,575	670,575
Total	$ 1,925,000	$ 419,636	$ 2,344,636

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Financed Purchase Payable

The Village is obligated under a financing agreement that was used to finance the acquisition of a capital asset. The cost of the capital asset under the capital lease is $259,075 and the related accumulated depreciation is $64,769 as of December 31, 2022. Annual principal and interest maturities of the outstanding financing as of December 31, 2022 are detailed below:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
2023	$ 23,282	$ 6,202	$ 29,484
2024	23,979	5,506	29,485
2025	24,696	4,789	29,485
2026	25,434	4,050	29,484
2027	109,444	3,354	112,798
Total	$ 206,835	$ 23,901	$ 230,736

Leases Payable

The Village leases various of machinery and equipment and space usage for various terms under long-term, noncancelable lease agreements. A summary of the Village's lease terms and interest rates is as follows:

Governmental Activities

Yard Waste Site Lease – Annual installments of $2,500 including interest at 2.50%, due dates ranging from 2023 to 2026.

Postage Machine Lease – Monthly installments of $244 including interest at 2.50%, due dates ranging from 2023 to 2025.

The future minimum lease payments for these agreements are as follows:

	Governmental Activities		
Year Ended December 31,	Principal	Interest	Total
2023	$ 5,081	$ 349	$ 5,430
2024	5,209	221	5,430
2025	5,096	89	5,185
2026	2,500	-	2,500
Total	$ 17,886	$ 659	$ 18,545

Right-to-use assets acquired through outstanding leases are shown in Note 3.D.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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/reports-and-studies/financial-reports-and-statements. Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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)

G. 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
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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, 2022, the WRS recognized $126,295 in contributions from the Village.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives, and Elected Officials)	6.50 %	6.50 %
Protective With Social Security	6.50	12.00
Protective Without Social Security	6.50	16.40

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

At December 31, 2022, the Village reported an asset of $878,947 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. 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, 2021, the Village’s proportion was 0.01090480%, which was an increase of 0.00012315% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of ($76,151).

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

At December 31, 2022, 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	$ 1,419,892	$ 102,389
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,966,278
Changes in Assumptions	163,980	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,105	634
Employer Contributions Subsequent to the Measurement Date	126,295	-
Total	$ 1,711,272	$ 2,069,301

$126,295 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, 2023. 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
2023	$ (40,908)
2024	(237,996)
2025	(104,824)
2026	(100,596)
Total	$ (484,324)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.8%
Discount Rate	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% to 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality, and separation rates. The total pension asset for December 31, 2021, is based upon a roll-forward of the liability calculated from the December 31, 2020, actuarial valuation.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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	52.0 %	6.8 %	4.2 %
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6	4.0
Variable Fund Asset Class:			
U.S. Equities	70.0 %	6.3	3.7
International Equities	30.0	7.2	4.6
Total Variable Fund	100.0 %	6.8	4.2

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	$ 623,675	$ (878,947)	$ (1,960,555)

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan

At December 31, 2022, the Village reported a payable of $30,124 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

H. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Wisconsin Deferred Compensation Plan (the Plan), available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this Plan are entirely from employee voluntary contributions. Employees can elect to contribute to the Plan by selecting a specific percentage of their salary or selecting a dollar amount. Annual amounts to be contributed by the employee may not exceed IRS limits. The Village makes no employer contributions to this Plan. Wisconsin Department of Employee Trust Funds is the administrator of the Wisconsin Deferred Compensation Plan. The deferred compensation Plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements.

I. 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, 2022, nonspendable fund balance was as follows:

	General
Nonspendable:	
Inventories and Prepaid Items	$ 13,911
Advance to TIF #1	2,471,902
Total Nonspendable Fund Balance	$ 2,485,813

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

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, 2022, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Fire Dues Expenditures	$ 75,313
Debt Service Fund:	
Restricted for:	
Payment of Long-Term Debt Obligations	560,097
Capital Projects Funds:	
Restricted for:	
TID #1 Debt	171,557
TID #3	85,324
TID #4	142,512
Total Capital Projects Funds Restricted Fund Balance	399,393
Total Restricted Fund Balance	$ 1,034,803

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2022, General Fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Fire Department Donations Expenditures	$ 24,924
ARPA related projects	739
Park Projects	139,143
Total Committed Fund Balance	$ 164,806

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2022, fund balance was assigned as follows:

General Fund:		
Assigned for		
Employee Settlements	$	7,875
Kowalski Interchange Study		125,000
Subsequent Year's Budget		160,000
Subtotal		292,875
Capital Projects Funds:		
Assigned for		
Capital Improvements:		538,964
Equipment Replacement		283,411
Subtotal		822,375
Total	$	1,115,250

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 2022 General Fund Expenditures	$	4,230,718
Minimum Fund Balance Percentage		(x) 15%
Minimum Fund Balance Amount	$	634,608

The Village's unassigned General Fund balance of $873,453 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, 2022, the Village can recover $7,991,564 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	$ 6,360,588
TID #2	423,813
TID #3	(85,324)
TID #4	1,292,487
Total	$ 7,991,564

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	2034
TID #3	2034
TID #4	2034

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

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.

D. Subsequent Event

In January 2023, the Village issued $732,208 in General Obligation Promissory Notes for purchasing a fire engine.

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 Ended	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 of the Total Pension Liability (Asset)
12/31/2014	0.00964724 %	$ (236,963)	$ 1,143,928	20.71 %	102.74 %
12/31/2015	0.00959602	155,933	1,161,097	13.43	98.20
12/31/2016	0.00962218	79,310	1,217,816	6.51	99.12
12/31/2017	0.00989875	(293,905)	1,253,433	23.45	102.93
12/31/2018	0.01030953	366,780	1,335,317	27.47	96.45
12/31/2019	0.01059609	(341,665)	1,379,693	24.76	102.96
12/31/2020	0.01078165	(673,113)	1,381,758	48.71	105.26
12/31/2021	0.01090480	(878,947)	1,464,768	60.01	106.02

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Fiscal Year Ended	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
12/31/2015	$ 91,396	$ 91,396	$ -	$ 1,161,097	7.87 %
12/31/2016	94,429	94,429	-	1,217,816	7.75
12/31/2017	104,207	104,207	-	1,253,433	8.31
12/31/2018	110,025	110,025	-	1,335,317	8.24
12/31/2019	113,996	113,996	-	1,379,693	8.26
12/31/2020	123,113	123,113	-	1,381,758	8.91
12/31/2021	129,191	129,191	-	1,464,769	8.82
12/31/2022	126,295	126,295	-	1,449,283	8.71

See accompanying Note to Required Supplementary Information.

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

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
Taxes:				
General Property	$ 1,351,979	$ 1,351,979	$ 1,351,978	$ (1)
Mobile Home Taxes	3,935	3,935	9,291	5,356
Forest Crop	17,629	17,629	30,472	12,843
Interest and Taxes	30	30	-	(30)
Total Taxes	1,373,573	1,373,573	1,391,741	18,168
Intergovernmental:				
State:				
State Shared Taxes	1,649,043	1,649,043	1,675,933	26,890
Tax-Exempt Computer Aid	404	404	404	-
Transportation	321,707	321,707	377,028	55,321
Forest Crop and Severance Tax	2,000	2,000	3,740	1,740
Recycling Grant	28,185	28,185	28,557	372
Environmental Impact	34,627	34,627	34,627	-
Covid19 Relief	422,809	422,809	-	(422,809)
Other Intergovernmental	3,850	3,850	2,552	(1,298)
Election Service Aid	-	-	1,200	1,200
Fire Department Grants	-	-	1,673	1,673
County:				
Bridge Aid	4,173	5,673	9,941	4,268
Timber Sales	4,983	4,983	9,183	4,200
Total Intergovernmental	2,471,781	2,473,281	2,144,838	(328,443)
Licenses and Permits:				
Licenses:				
Occupational License	3,995	3,995	3,651	(344)
Dog License	1,260	1,260	1,117	(143)
Cable Franchise Fees	43,600	43,600	71,025	27,425
Permits:				
Building Permits	79,178	79,178	73,402	(5,776)
Excavating/Mining Permits	11,000	11,000	3,000	(8,000)
Plat Reviews	2,500	2,500	3,525	1,025
Other:				
Other Licenses/Permits	1,500	1,500	3,495	1,995
Other Regulatory Fees	1,000	1,000	2,450	1,450
Total Licenses and Permits	144,033	144,033	161,665	17,632
Fines and Forfeits:				
Court Fines and Penalties	20,811	20,811	24,526	3,715
Public Charges for Services:				
Public Record/Special Assessment Searches	4,000	4,000	6,002	2,002
Streets	9,831	9,831	6,127	(3,704)
Public Safety	-	-	714	714
Garbage/Refuse/Recycling	462,332	462,332	494,381	32,049
Total Public Charges for Services	476,163	476,163	507,224	31,061
Intergovernmental Charges for Services:				
Fire Protection	5,100	5,100	5,100	-
Miscellaneous:				
Interest	6,000	6,000	22,690	16,690
Rent of Village Property	1,100	1,100	4,580	3,480
Sale of Materials and Supplies	-	-	7,412	7,412
Insurance Claims and Refunds	-	55,988	56,829	841
Private Donations	1,350	1,350	1,770	420
Miscellaneous	12,658	12,658	4,549	(8,109)
Total Miscellaneous	21,108	77,096	97,830	20,734
Total Revenues	$ 4,512,569	$ 4,570,057	$ 4,332,924	$ (237,133)

VILLAGE OF KRONENWETTER, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
General Government:				
Village Board	$ 40,303	$ 40,303	$ 27,363	$ 12,940
Legal	9,606	31,432	29,137	2,295
Municipal Court	8,383	8,383	9,532	(1,149)
Office	57,351	135,851	183,561	(47,710)
Administrator	92,208	76,525	68,261	8,264
Deputy Clerk-Treasurer	13,379	13,379	10,191	3,188
Community Development/Zoning	63,960	39,915	27,833	12,082
Clerk	77,061	96,529	93,808	2,721
Secretary	78,294	67,047	55,560	11,487
Elections	30,318	30,318	34,862	(4,544)
Treasurer	74,221	74,759	65,628	9,131
Assessor	17,104	17,104	17,624	(520)
Municipal Building	94,802	94,802	90,413	4,389
Other General Government	78,293	62,293	55,009	7,284
Total General Government	735,283	788,640	768,782	19,858
Public Safety:				
Police and Fire Commissioner	6,672	6,672	5,401	1,271
Police Department	998,960	998,960	884,164	114,796
Police Clerk	45,540	46,078	42,222	3,856
Crossing Guards	5,410	5,410	4,944	466
Fire Department	124,850	175,206	206,197	(30,991)
First Responders	20,740	26,240	27,116	(876)
Ambulance	64,500	60,500	70,802	(10,302)
Building Inspector	48,679	46,899	36,305	10,594
Total Public Safety	1,315,351	1,365,965	1,277,151	88,814
Public Works:				
Engineering	130,000	23,327	22,936	391
Public Works Director	42,686	35,291	32,826	2,465
Road and Street Maintenance	949,055	972,695	974,430	(1,735)
Shop and Garage	19,394	19,394	16,253	3,141
Street Lighting	50,938	47,938	44,231	3,707
Storm Sewers	264,829	220,766	230,445	(9,679)
Solid Waste/Recycle Collection	448,862	483,262	463,122	20,140
Total Public Works	1,905,764	1,802,673	1,784,243	18,430
Health and Human Services:				
Animal and Insect Control	2,220	2,220	2,160	60
Culture and Recreation:				
Parks	155,268	157,623	105,091	52,532
Conservation and Development:				
Community Development/Zoning	50,345	44,797	38,138	6,659
Debt Service:				
Principal Retirement	-	-	27,710	(27,710)
Interest and Fiscal Charges	-	-	7,203	(7,203)
Total Debt Service	-	-	34,913	(34,913)
Capital Outlay:				
Road Construction	-	61,000	67,221	(6,221)
Police	7,800	7,800	9,413	(1,613)
Fire Department	1,200	-	-	-
Total Capital Outlay	9,000	68,800	76,634	(7,834)
Total Expenditures	$ 4,173,231	$ 4,230,718	$ 4,087,112	$ 143,606

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
ASSETS					
Cash and Investments	$ 430,308	$ 25,941	$ 75,313	$ 139,143	$ 4,156
Restricted Cash and Investments	-	-	-	-	-
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts, Net	-	-	-	-	43,349
Total Assets	$ 430,308	$ 25,941	$ 75,313	$ 139,143	$ 47,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 21,917	$ 1,017	$ -	$ -	$ 3,380
Accrued and Other Current Liabilities	-	-	-	-	776
Unearned Revenues	407,652	-	-	-	-
Total Liabilities	429,569	1,017	-	-	4,156
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Fines Receivable	-	-	-	-	43,349
Total Deferred Inflows of Resources	-	-	-	-	43,349
FUND BALANCES					
Restricted	-	-	75,313	-	-
Committed	739	24,924	-	139,143	-
Assigned	-	-	-	-	-
Total Fund Balances	739	24,924	75,313	139,143	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 430,308	$ 25,941	$ 75,313	$ 139,143	$ 47,505

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERMENTAL FUNDS
DECEMBER 31, 2022

	Capital Projects				
	TID #3	TID #4	Equipment Replacement	Capital Projects	Total
ASSETS					
Cash and Investments	$ -	$ -	$ 367,866	$ 538,964	$ 1,581,691
Restricted Cash and Investments	90,825	209,761	-	-	300,586
Receivables:					
Taxes and Special Charges	7,506	91,983	115,545	-	215,034
Accounts, Net	-	-	-	-	43,349
Total Assets	$ 98,331	$ 301,744	$ 483,411	$ 538,964	$ 2,140,660
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ -	$ -	$ 26,314
Accrued and Other Current Liabilities	15	15	-	-	806
Unearned Revenues	-	-	-	-	407,652
Total Liabilities	15	15	-	-	434,772
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	12,992	159,217	200,000	-	372,209
Fines Receivable	-	-	-	-	43,349
Total Deferred Inflows of Resources	12,992	159,217	200,000	-	415,558
FUND BALANCES					
Restricted	85,324	142,512	-	-	303,149
Committed	-	-	-	-	164,806
Assigned	-	-	283,411	538,964	822,375
Total Fund Balances	85,324	142,512	283,411	538,964	1,290,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 98,331	$ 301,744	$ 483,411	$ 538,964	$ 2,140,660

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	363,113	-	29,782	-	-
Fines and Forfeits	-	-	-	-	13,650
Intergovernmental Charges for Services	-	-	1,174	-	-
Miscellaneous	737	35,301	266	4,099	-
Total Revenues	363,850	35,301	31,222	4,099	13,650
EXPENDITURES					
Current:					
General Government	391	-	-	-	42,092
Public Safety	-	-	21,241	-	-
Public Works	352,314	-	-	-	-
Culture and Recreation	-	40,782	-	2,806	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	10,408	-	-	-	-
Total Expenditures	363,113	40,782	21,241	2,806	42,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	737	(5,481)	9,981	1,293	(28,442)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	28,709
Transfers Out	-	-	-	-	(267)
Total Other Financing Sources (Uses)	-	-	-	-	28,442
NET CHANGE IN FUND BALANCE	737	(5,481)	9,981	1,293	-
Fund Balance - January 1	2	30,405	65,332	137,850	-
FUND BALANCE - DECEMBER 31	$ 739	$ 24,924	$ 75,313	$ 139,143	$ -

VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Capital Projects				
	TID #3	TID #4	Equipment Replacement	Capital Projects	Total
REVENUES					
Taxes	$ 11,454	$ 102,235	$ 200,000	$ 200,000	$ 513,689
Intergovernmental	534	1,037	71,500	-	465,966
Fines and Forfeits	-	-	-	-	13,650
Intergovernmental Charges for Services	-	-	-	-	1,174
Miscellaneous	120	22,671	6,119	1,314	70,627
Total Revenues	12,108	125,943	277,619	201,314	1,065,106
EXPENDITURES					
Current:					
General Government	-	-	2,366	-	44,849
Public Safety	-	-	-	-	21,241
Public Works	-	-	-	-	352,314
Culture and Recreation	-	-	-	-	43,588
Conservation and Development	753	1,007	-	-	1,760
Debt Service:					
Principal	-	150,000	-	-	150,000
Interest and Fiscal Charges	-	47,200	-	-	47,200
Capital Outlay	-	-	394,491	580	405,479
Total Expenditures	753	198,207	396,857	580	1,066,431
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,355	(72,264)	(119,238)	200,734	(1,325)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	28,709
Transfers Out	-	-	-	-	(267)
Total Other Financing Sources (Uses)	-	-	-	-	28,442
NET CHANGE IN FUND BALANCE	11,355	(72,264)	(119,238)	200,734	27,117
Fund Balance - January 1	73,969	214,776	402,649	338,230	1,263,213
FUND BALANCE - DECEMBER 31	$ 85,324	$ 142,512	283,411	$ 538,964	$ 1,290,330

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, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 26, 2023.

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 2022-003 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 2022-001, 2022-002, and 2022-004 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, Wisconsin's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Village of Kronenwetter, Wisconsin'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
September 26, 2023

VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Internal Control Over Financial Reporting

2022-001 Segregation of Duties

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 or Specific Requirement: 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.

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.

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.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2021-001.

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.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditors comments and will continue to identify and implement controls to reduce errors and fraud. We are currently using positive pay with our bank to monitor checks and ACH's that come out of the Villages account. If the Village was to use additional programs/modules with in Caselle there would be an increase in internal-controls.

Internal Control Over Financial Reporting (Continued)

2022-002 Preparation of Annual Financial Report

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 or Specific Requirement: 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.

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.

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.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2021-002.

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.

Views of Responsible Officials and Planned Corrective Action: 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.

Internal Control Over Financial Reporting (Continued)

2022-003 Adjustments to the Village's Financial Records

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 or Specific Requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the Village may contain material misstatements.

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.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2021-003.

Recommendation: We recommend the Village designate an individual to obtain additional training in order to prepare the adjusting and closing entries.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditors' comments and journal entries now have supporting documentation.

Internal Control Over Financial Reporting (Continued)

2022-004 Timely Bank Account Reconciliations

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 September, October, November, and December 2022 until March 2023. Certain receipts, while posted to the accounting system, were not deposited timely with the bank. This resulted in several transactions not being properly recorded.

Criteria or Specific Requirement: 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.

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

Cause: Bank reconciliations and deposits were not completed timely due to the Village being short-staffed at various times during 2022.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2021-004.

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. We also recommend that the Village review the procedures around bank deposits to determine if there are more efficient and effective ways to handle.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditors' comments and bank reconciliations are now done on a monthly basis.