

**VILLAGE OF KRONENWETTER, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2023**



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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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

***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 5, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Stevens Point, Wisconsin  
September 5, 2024

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF KRONENWETTER, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 3,534,804	\$ 2,350,410	\$ 5,885,214
Receivables:			
Taxes and Special Charges	2,119,283	4,508	2,123,791
Accounts, Net	82,803	294,875	377,678
Leases	-	678,631	678,631
Special Assessments	70,317	-	70,317
Other	-	92	92
Due from Other Governments	298	-	298
Inventories and Prepaid Items	359,206	24,468	383,674
Restricted Assets:			
Cash and Investments	1,733,518	601,278	2,334,796
Preliminary Survey	-	108,954	108,954
Capital Assets, Not Being Depreciated	2,142,002	1,908,354	4,050,356
Capital Assets, Being Depreciated and Amortized	17,574,050	18,039,917	35,613,967
Total Assets	27,616,281	24,011,487	51,627,768
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	1,974,178	236,873	2,211,051
<b>LIABILITIES</b>			
Accounts Payable	175,603	1,082,858	1,258,461
Accrued and Other Current Liabilities	54,563	11,722	66,285
Accrued Interest Payable	91,447	-	91,447
Special Deposits	4,500	-	4,500
Unearned Revenues	12,485	-	12,485
Long-Term Obligations:			
Due Within One Year	1,130,588	-	1,130,588
Due in More Than One Year	8,326,446	-	8,326,446
Net Pension Liability	513,911	62,118	576,029
Total Liabilities	10,309,543	1,156,698	11,466,241
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	4,294,050	-	4,294,050
Leases Receivable	-	678,631	678,631
Pension Related Amounts	1,075,840	130,040	1,205,880
Total Deferred Inflows of Resources	5,369,890	808,671	6,178,561
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,870,010	18,913,813	32,783,823
Restricted:			
Debt Service	746,322	-	746,322
Capital Projects - TIDs	741,084	-	741,084
Fire Dues Activities	65,693	-	65,693
Capital Replacement	-	601,278	601,278
Unrestricted Balance (Deficit)	(1,512,083)	2,767,900	1,255,817
Total Net Position	\$ 13,911,026	\$ 22,282,991	\$ 36,194,017

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 1,232,667	\$ 152,369	\$ 11,939	\$ -
Public Safety	2,296,596	35,753	127,770	-
Public Works	2,410,911	511,162	351,284	-
Health and Human Services	4,995	-	-	-
Culture and Recreation	275,048	19,563	27,189	-
Conservation and Development	224,429	5,911	-	76,260
Interest and Fiscal Charges	148,158	-	-	-
Total Governmental Activities	<u>6,592,804</u>	<u>724,758</u>	<u>518,182</u>	<u>76,260</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	664,084	867,569	-	-
Sewer Utility	975,850	746,290	-	-
Total Business-Type Activities	<u>1,639,934</u>	<u>1,613,859</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,232,738</u>	<u>\$ 2,338,617</u>	<u>\$ 518,182</u>	<u>\$ 76,260</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Net Revenue (Expense) and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government	\$ (1,068,359)	\$ -	\$ (1,068,359)
Public Safety	(2,133,073)	-	(2,133,073)
Public Works	(1,548,465)	-	(1,548,465)
Health and Human Services	(4,995)	-	(4,995)
Culture and Recreation	(228,296)	-	(228,296)
Conservation and Development	(142,258)	-	(142,258)
Interest and Fiscal Charges	(148,158)	-	(148,158)
Total Governmental Activities	(5,273,604)	-	(5,273,604)
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water Utility	-	203,485	203,485
Sewer Utility	-	(229,560)	(229,560)
Total Business-Type Activities	-	(26,075)	(26,075)
Total	(5,273,604)	(26,075)	(5,299,679)
<b>GENERAL REVENUES</b>			
Taxes:			
Property Taxes	2,531,019	-	2,531,019
Tax Increments	1,407,797	-	1,407,797
Other Taxes	41,158	-	41,158
Federal and State Grants and Other			
Contributions Not Restricted to			
Specific Functions	2,116,183	-	2,116,183
Interest and Investment Earnings	226,271	88,264	314,535
Miscellaneous	300,914	15,105	316,019
<b>TRANSFERS</b>	(61,140)	61,140	-
Total General Revenues and Transfers	6,562,202	164,509	6,726,711
<b>CHANGES IN NET POSITION</b>	1,288,598	138,434	1,427,032
Net Position -January 1	12,622,428	22,144,557	34,766,985
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 13,911,026</u>	<u>\$ 22,282,991</u>	<u>\$ 36,194,017</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	TID #1
<b>ASSETS</b>			
Cash and Investments	\$ 2,116,543	\$ 376,161	\$ -
Restricted Cash and Investments	-	-	171,557
Receivables:			
Taxes and Special Charges	1,053,283	98,855	129,209
Accounts, Net	29,287	-	-
Special Assessments	-	70,317	-
Advance to Other Funds	2,551,634	313,891	-
Due from Other Governments	298	-	-
Inventories and Prepaid Items	111,765	-	-
	<b>\$ 5,862,810</b>	<b>\$ 859,224</b>	<b>\$ 300,766</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 158,723	\$ -	\$ -
Accrued and Other Current Liabilities	52,679	-	575
Advance from Other Funds	-	-	2,551,634
Special Deposits	-	-	-
Unearned Revenues	12,485	-	-
Total Liabilities	223,887	-	2,552,209
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	2,212,708	193,012	252,278
Fines Receivable	-	-	-
Special Assessments	-	70,317	-
Total Deferred Inflows of Resources	2,212,708	263,329	252,278
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	2,663,399	-	-
Restricted	-	595,895	171,557
Committed	-	-	-
Assigned	580,604	-	-
Unassigned Balance (Deficit)	182,212	-	(2,675,278)
Total Fund Balances (Deficits)	3,426,215	595,895	(2,503,721)
	<b>\$ 5,862,810</b>	<b>\$ 859,224</b>	<b>\$ 300,766</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

<b>ASSETS</b>	<u>TID #2</u>	<u>Equipment Replacement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ -	\$ 257,534	\$ 784,566	\$ 3,534,804
Restricted Cash and Investments	1,246,096	-	315,865	1,733,518
Receivables:				
Taxes and Special Charges	432,277	219,465	186,194	2,119,283
Accounts, Net	-	-	53,516	82,803
Special Assessments	-	-	-	70,317
Advance to Other Funds	-	-	-	2,865,525
Due from Other Governments	-	-	-	298
Inventories and Prepaid Items	-	246,601	840	359,206
	<u>-\$ 1,678,373</u>	<u>\$ 723,600</u>	<u>\$ 1,340,981</u>	<u>\$ 10,765,754</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,023	\$ -	\$ 10,857	\$ 175,603
Accrued and Other Current Liabilities	380	-	929	54,563
Advance from Other Funds	313,891	-	-	2,865,525
Special Deposits	4,500	-	-	4,500
Unearned Revenues	-	-	-	12,485
Total Liabilities	<u>324,794</u>	<u>-</u>	<u>11,786</u>	<u>3,112,676</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	844,012	428,500	363,540	4,294,050
Fines Receivable	-	-	52,901	52,901
Special Assessments	-	-	-	70,317
Total Deferred Inflows of Resources	<u>844,012</u>	<u>428,500</u>	<u>416,441</u>	<u>4,417,268</u>
 <b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	246,601	840	2,910,840
Restricted	509,567	-	297,210	1,574,229
Committed	-	-	90,871	90,871
Assigned	-	48,499	524,673	1,153,776
Unassigned Balance (Deficit)	-	-	(840)	(2,493,906)
Total Fund Balances (Deficits)	<u>509,567</u>	<u>295,100</u>	<u>912,754</u>	<u>3,235,810</u>
	<u>\$ 1,678,373</u>	<u>\$ 723,600</u>	<u>\$ 1,340,981</u>	<u>\$ 10,765,754</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,678,373</u>	<u>\$ 723,600</u>	<u>\$ 1,340,981</u>	<u>\$ 10,765,754</u>

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, 2023**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page \$ 3,235,810

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. 19,716,052

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Special Assessments 70,317  
Fines Receivable 52,901

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 1,974,178  
Deferred Inflows Related to Pensions (1,075,840)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and Notes Payable (8,522,208)  
Premium on Debt (470,470)  
Compensated Absences (267,998)  
Net Pension Liability (513,911)  
Financed Purchases Payable (183,553)  
Leases Payable (12,805)  
Accrued Interest on Long-Term Obligations (91,447)

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 13,911,026

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	TID #1
<b>REVENUES</b>			
Taxes	\$ 1,672,177	\$ 700,000	\$ 284,575
Special Assessments	-	25,244	-
Intergovernmental	2,148,368	-	568
Licenses and Permits	127,342	-	-
Fines and Forfeits	30,758	-	-
Public Charges for Services	517,868	-	-
Intergovernmental Charges for Services	7,625	-	-
Miscellaneous	330,848	28,829	66,780
Total Revenues	4,834,986	754,073	351,923
<b>EXPENDITURES</b>			
Current:			
General Government	1,046,987	-	2,127
Public Safety	1,844,233	-	-
Public Works	1,812,082	-	-
Health and Human Services	4,995	-	-
Culture and Recreation	105,705	-	-
Conservation and Development	148,399	-	8,553
Debt Service:			
Principal	28,363	600,000	315,000
Interest and Fiscal Charges	6,551	118,275	109,376
Capital Outlay	39,328	-	-
Total Expenditures	5,036,643	718,275	435,056
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(201,657)	35,798	(83,133)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	4,781	-	-
Transfers Out	(29,050)	-	-
Total Other Financing Sources (Uses)	(24,269)	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(225,926)	35,798	(83,133)
Fund Balance (Deficit) - January 1	3,652,141	560,097	(2,420,588)
<b>FUND BALANCE (DEFICIT) - DECEMBER 31</b>	<b>\$ 3,426,215</b>	<b>\$ 595,895</b>	<b>\$ (2,503,721)</b>

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, 2023**

	TID #2	Equipment Replacement	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 951,013	\$ 200,000	\$ 172,209	\$ 3,979,974
Special Assessments	-	-	-	25,244
Intergovernmental	44,295	-	442,120	2,635,351
Licenses and Permits	-	-	-	127,342
Fines and Forfeits	-	-	18,190	48,948
Public Charges for Services	-	-	-	517,868
Intergovernmental Charges for Services	-	-	1,352	8,977
Miscellaneous	30,223	6,949	86,673	550,302
Total Revenues	<u>1,025,531</u>	<u>206,949</u>	<u>720,544</u>	<u>7,894,006</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,900	2,016	46,973	1,100,003
Public Safety	-	-	45,298	1,889,531
Public Works	-	-	8,846	1,820,928
Health and Human Services	-	-	-	4,995
Culture and Recreation	-	-	33,014	138,719
Conservation and Development	29,379	-	8,837	195,168
Debt Service:				
Principal	-	-	155,000	1,098,363
Interest and Fiscal Charges	1,562	-	42,600	278,364
Capital Outlay	59,309	1,058,201	430,902	1,587,740
Total Expenditures	<u>92,150</u>	<u>1,060,217</u>	<u>771,470</u>	<u>8,113,811</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	933,381	(853,268)	(50,926)	(219,805)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	-	732,208	-	732,208
Proceeds from Sale of Capital Assets	-	64,228	-	64,228
Transfers In	-	72,021	29,050	105,852
Transfers Out	(1)	(3,500)	(72,289)	(104,840)
Total Other Financing Sources (Uses)	<u>(1)</u>	<u>864,957</u>	<u>(43,239)</u>	<u>797,448</u>
<b>NET CHANGE IN FUND BALANCE</b>	933,380	11,689	(94,165)	577,643
Fund Balance (Deficit) - January 1	<u>(423,813)</u>	<u>283,411</u>	<u>1,006,919</u>	<u>2,658,167</u>
<b>FUND BALANCE (DEFICIT) - DECEMBER 31</b>	<u>\$ 509,567</u>	<u>\$ 295,100</u>	<u>\$ 912,754</u>	<u>\$ 3,235,810</u>

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, 2023**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page \$ 577,643

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 and amortization expense.

Capital Assets Reported as Capital Outlay in Governmental Fund Statements	1,579,831
Depreciation and Amortization Expense Reported in the Statement of Activities	(1,081,118)
Net Book Value of Disposals	(77,665)

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.	(15,692)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(732,208)
Principal Paid on Long-Term Debt	1,070,000
Principal Paid on Financed Purchases Payable	23,282
Principal Paid on Leases Payable	5,081

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	(18,617)
Amortization of Premiums, Discounts, and Loss on Advance Refunding	148,823
Compensated Absences	(107,763)
Net Pension Asset (Liability)	(1,308,656)
Deferred Outflows of Resources Related to Pensions	430,432
Deferred Inflows of Resources Related to Pensions	795,225

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 1,288,598</u>
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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, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,666,223	\$ 1,666,223	\$ 1,672,177	\$ 5,954
Intergovernmental	2,101,154	2,101,154	2,148,368	47,214
Licenses and Permits	162,742	162,742	127,342	(35,400)
Fines and Forfeits	24,000	24,000	30,758	6,758
Public Charges for Services	528,335	528,335	517,868	(10,467)
Intergovernmental Charges for Services	7,600	7,600	7,625	25
Miscellaneous	50,803	50,803	330,848	280,045
Total Revenues	<u>4,540,857</u>	<u>4,540,857</u>	<u>4,834,986</u>	<u>294,129</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,004,872	1,004,917	1,046,987	(42,070)
Public Safety	1,838,259	1,838,259	1,844,233	(5,974)
Public Works	1,937,356	1,937,356	1,812,082	125,274
Health and Human Services	4,995	4,995	4,995	-
Culture and Recreation	139,871	143,171	105,705	37,466
Conservation and Development	152,439	149,094	148,399	695
Debt Service:				
Principal	-	-	28,363	(28,363)
Interest and Fiscal Charges	-	-	6,551	(6,551)
Capital Outlay	98,500	98,500	39,328	59,172
Total Expenditures	<u>5,176,292</u>	<u>5,176,292</u>	<u>5,036,643</u>	<u>139,649</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(635,435)	(635,435)	(201,657)	433,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	4,781	4,781
Transfers Out	(25,000)	(25,000)	(29,050)	(4,050)
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(24,269)</u>	<u>731</u>
<b>NET CHANGE IN FUND BALANCE</b>	(660,435)	(660,435)	(225,926)	434,509
Fund Balance - January 1	<u>3,652,141</u>	<u>3,652,141</u>	<u>3,652,141</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u><u>\$ 2,991,706</u></u>	<u><u>\$ 2,991,706</u></u>	<u><u>\$ 3,426,215</u></u>	<u><u>\$ 434,509</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 1,648,662	\$ 701,748	\$ 2,350,410
Receivables:			
Taxes and Special Charges	2,311	2,197	4,508
Customer Accounts	140,576	154,299	294,875
Leases	14,592	-	14,592
Other	92	-	92
Inventories and Prepaid Items	21,726	2,742	24,468
Total Current Assets	1,827,959	860,986	2,688,945
Noncurrent Assets:			
Restricted Assets:			
Cash and Investments	-	601,278	601,278
Leases	664,039	-	664,039
Preliminary Survey	108,954	-	108,954
Capital Assets:			
Nondepreciable	1,845,403	62,951	1,908,354
Depreciable	8,969,090	9,070,827	18,039,917
Total Capital Assets	10,814,493	9,133,778	19,948,271
Total Noncurrent Assets	11,587,486	9,735,056	21,322,542
Total Assets	13,415,445	10,596,042	24,011,487
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	121,696	115,177	236,873
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,041,879	40,979	1,082,858
Accrued and Other Current Liabilities	5,827	5,895	11,722
Total Current Liabilities	1,047,706	46,874	1,094,580
Long-Term Obligations:			
Net Pension Liability	31,976	30,142	62,118
Total Liabilities	1,079,682	77,016	1,156,698
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases Receivable	678,631	-	678,631
Pension Related Amounts	66,940	63,100	130,040
Total Deferred Inflows of Resources	745,571	63,100	808,671
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,780,035	9,133,778	18,913,813
Restricted:			
Capital Replacement	-	601,278	601,278
Unrestricted	1,931,853	836,047	2,767,900
Total Net Position	\$ 11,711,888	\$ 10,571,103	\$ 22,282,991

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, 2023**

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 822,847	\$ 724,506	\$ 1,547,353
Other	44,722	21,784	66,506
Total Operating Revenues	<u>867,569</u>	<u>746,290</u>	<u>1,613,859</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	437,236	745,712	1,182,948
Depreciation and Amortization	226,848	230,138	456,986
Total Operating Expenses	<u>664,084</u>	<u>975,850</u>	<u>1,639,934</u>
<b>OPERATING INCOME (LOSS)</b>	203,485	(229,560)	(26,075)
<b>NONOPERATING REVENUES</b>			
Interest Income	49,639	38,625	88,264
Other Nonoperating Revenues	15,105	-	15,105
Total Nonoperating Revenues	<u>64,744</u>	<u>38,625</u>	<u>103,369</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	268,229	(190,935)	77,294
<b>CAPITAL CONTRIBUTIONS</b>	8,846	53,306	62,152
<b>TRANSFERS</b>			
Transfers Out	<u>(506)</u>	<u>(506)</u>	<u>(1,012)</u>
<b>CHANGE IN NET POSITION</b>	276,569	(138,135)	138,434
Net Position - January 1	<u>11,435,319</u>	<u>10,709,238</u>	<u>22,144,557</u>
<b>NET POSITION - DECEMBER 31</b>	<u><u>\$ 11,711,888</u></u>	<u><u>\$ 10,571,103</u></u>	<u><u>\$ 22,282,991</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 836,409	\$ 711,839	\$ 1,548,248
Cash Received from Lessees	31,360	-	31,360
Cash Paid for Employee Wages and Benefits	(227,387)	(209,808)	(437,195)
Cash Paid to Suppliers	(177,829)	(541,572)	(719,401)
Miscellaneous Nonoperating Income	15,105	-	15,105
Net Cash Provided (Used) by Operating Activities	477,658	(39,541)	438,117
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer Out	(506)	(506)	(1,012)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(551,206)	(55,053)	(606,259)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	49,639	38,625	88,264
<b>CHANGE IN CASH AND INVESTMENTS</b>	(24,415)	(56,475)	(80,890)
Cash and Investments - January 1	1,673,077	1,359,501	3,032,578
<b>CASH AND INVESTMENTS - DECEMBER 31</b>	<u>\$ 1,648,662</u>	<u>\$ 1,303,026</u>	<u>\$ 2,951,688</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 203,485	\$ (229,560)	\$ (26,075)
Miscellaneous Nonoperating Income	15,105	-	15,105
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	226,848	230,138	456,986
Depreciation Charged to Sewer Utility	23,130	(23,130)	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in Pension Asset/Liability	75,627	70,693	146,320
Change in Pension Deferred Outflows	(34,843)	(34,504)	(69,347)
Change in Pension Deferred Inflows	(35,827)	(32,369)	(68,196)
(Increase) Decrease in Operating Assets:			
Taxes and Special Charges	(2,311)	(2,197)	(4,508)
Accounts Receivable	(3,643)	(32,254)	(35,897)
Other Receivables	6,154	2,115	8,269
Inventories and Prepaid Items	(194)	(1,156)	(1,350)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	1,567	11,543	13,110
Accrued and Other Current Liabilities	2,560	1,140	3,700
Net Cash Provided (Used) by Operating Activities	\$ 477,658	\$ (39,541)	\$ 438,117
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents in Current Assets	\$ 1,648,662	\$ 701,748	\$ 2,350,410
Cash and Cash Equivalents in Restricted Assets	-	601,278	601,278
Total Cash and Investments	\$ 1,648,662	\$ 1,303,026	\$ 2,951,688
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Developer and Municipal Contributed Capital Assets	\$ 8,846	\$ 53,306	\$ 62,152
Capital Assets Purchased on Account with Vendors	\$ 1,034,458	\$ -	\$ 1,034,458

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2023**

	<u>Tax Collection Custodial Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,780,477
Receivables:	
Taxes and Special Charges	<u>5,026,299</u>
Total Assets	<u>9,806,776</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Year	<u>9,806,776</u>
 <b>NET POSITION</b>	
Restricted for Other Governments	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF KRONENWETTER, WISCONSIN  
 STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUND  
 YEAR ENDED DECEMBER 31, 2023**

	<u>Tax Collection Custodial Fund</u>
<b>ADDITIONS</b>	
Property Tax Collections	\$ 9,935,026
<b>DEDUCTIONS</b>	
Payments to Taxing Jurisdictions	<u>9,935,026</u>
<b>CHANGE IN NET POSITION</b>	-
Net Position - January 1	<u>-</u>
<b>NET POSITION - DECEMBER 31</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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 2023.

**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*.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

**Equipment Replacement Capital Projects Fund**

This fund is used to account for the funds accumulated for equipment purchases for the governmental funds.

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 Tax Collection Custodial Fund accounts for property taxes and special assessments and special charges collected on behalf of other governments.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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 \$103,798 have been shown net of an allowance for uncollectible accounts of \$20,995.

**4. Restricted Assets**

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

**VILLAGE OF KRONENWETTER, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2023 tax roll are recognized as revenue in 2024.)

**6. Interfund Receivables and Payables**

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

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

**7. Inventories**

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

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

**8. Prepaid Items**

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

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

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. Capital Assets**

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

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

Land and construction in progress are not depreciated. Other 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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**10. Compensated Absences**

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

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Deferred Outflows/Inflows of Resources**

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.

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

**12. Long-Term Obligations**

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

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

**13. Pensions**

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

**VILLAGE OF KRONENWETTER, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Pensions (continued)**

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**14. Fund Equity**

Governmental Fund Financial Statements

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

*Nonspendable Fund Balance* – Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

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

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

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

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

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

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. Fund Equity (Continued)**

Government-Wide and Proprietary Fund Statements

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 amortization, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

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

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

**E. Use of Estimates**

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

**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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**A. Budgets and Budgetary Accounting (Continued)**

2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, capital projects funds, and the proprietary funds. The Village did not adopt a budget for the ARPA special revenue fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget.

Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

3. During the year, formal budgetary integration is employed as a management control device for the general fund adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2023.

**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, 2023, as follows:

Function/Activity	Excess Expenditures
General:	
General Government:	
Municipal Court	\$ 2,107
Office	25,796
Elections	2,441
Assessor	1,598
Municipal Building	110,719
Public Safety:	
Police and Fire Commissioner	1,282
Fire Department	76,606
First Responders	62,838
Public Works:	
Shop and Garage	2,887
Debt Service:	
Principal Retirement	28,363
Interest and Fiscal Charges	6,551

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**C. Deficit Fund Equity**

The following funds had a deficit fund balance as of December 31, 2023:

Fund	Deficit Fund Balance
Tax Incremental District No. 1	\$ 2,503,721

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 2023 and 2024 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 2023 budget was 0.82%. The actual limit for the Village for the 2024 budget was 1.19%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

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

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

The carrying amount of the Village’s cash and investments totaled \$13,000,487 on December 31, 2023, as summarized below:

Petty Cash and Cash on Hand	\$ 1,020
Deposits with Financial Institutions	6,878,548
Investments:	
Wisconsin Local Government Investment Pool	6,120,919
Total	\$ 13,000,487

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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	\$ 5,885,214
Restricted Cash and Investments	2,334,796
Custodial Fund Statement of Net Position:	
Cash and Investments	<u>4,780,477</u>
Total	<u>\$ 13,000,487</u>

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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin Local Government Investment Pool of \$6,120,919 at year-end. The Wisconsin Local Government Investment Pool (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, 2023, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

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 investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. The Village's investment in the Wisconsin local government investment pool is not rated.

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 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, 2023, the Wisconsin local government investment pool had a weighted average maturity of 17 days.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Restricted Assets**

Restricted cash and investments of the governmental activities on December 31, 2023, totaled \$1,733,518. \$171,557 is being held as debt service reserve funds for the lease revenue bonds and \$1,561,961 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, 2023, totaled \$601,278 and is being held for sewer capital asset replacement.

**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, 2023, the Village received \$14,234 in lease revenue and \$17,126 in interest on the lease's receivable.

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

<u>Year Ending December 31,</u>	Business-Type Activities		
	Principal	Interest	Total
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	20,131	14,992	35,123
2029 to 2033	121,684	66,576	188,260
2034 to 2038	161,889	48,962	210,851
2039 to 2043	210,325	25,829	236,154
2044 to 2045	96,264	2,427	98,691
Total	\$ 678,631	\$ 223,415	\$ 902,046

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
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	2,554,767	-	31,729	2,523,038
Buildings and Improvements	4,007,645	-	-	4,007,645
Machinery and Equipment	4,117,602	1,534,508	261,923	5,390,187
Right-to-Use Lease Machinery and Equipment	10,943	-	-	10,943
Infrastructure	17,369,121	45,323	-	17,414,444
Subtotal	29,182,205	1,579,831	293,652	30,468,384
Less Accumulated Depreciation and Amortization for:				
Land Improvements	214,565	22,781	-	237,346
Right-to-Use Lease Land Improvements	2,975	2,975	-	5,950
Parks	720,315	73,743	25,648	768,410
Buildings and Improvements	1,916,376	102,427	-	2,018,803
Machinery and Equipment	2,348,028	386,050	190,339	2,543,739
Right-to-Use Lease Machinery and Equipment	2,794	2,794	-	5,588
Infrastructure	6,824,150	490,348	-	7,314,498
Subtotal	12,029,203	1,081,118	215,987	12,894,334
Total Capital Assets Being Depreciated and Amortized, Net	17,153,002	498,713	77,665	17,574,050
Governmental Activities Capital Assets, Net	\$ 19,295,004	\$ 498,713	\$ 77,665	19,716,052
Less: Capital Related Debt				5,846,042
Net Investment in Capital Assets				\$ 13,870,010

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 170,009	\$ -	\$ -	\$ 170,009
Construction in Progress	159,670	1,578,675	-	1,738,345
Total Capital Assets Not Being Depreciated	329,679	1,578,675	-	1,908,354
Capital Assets, Being Depreciated and Amortized:				
Buildings and Improvements	625,497	-	-	625,497
Machinery and Equipment	2,824,466	77,018	23,667	2,877,817
Infrastructure	22,866,846	-	-	22,866,846
Subtotal	26,316,809	77,018	23,667	26,370,160
Less: Accumulated Depreciation and Amortization for:				
Buildings and Improvements	159,741	18,316	-	178,057
Machinery and Equipment	1,766,983	137,576	23,667	1,880,892
Infrastructure	5,970,200	301,094	-	6,271,294
Subtotal	7,896,924	456,986	23,667	8,330,243
Total Capital Assets Being Depreciated and Amortized, Net	18,419,885	(379,968)	-	18,039,917
Business-Type Activities Capital Assets, Net	<u>\$ 18,749,564</u>	<u>\$ 1,198,707</u>	<u>\$ -</u>	19,948,271
Less: Capital Related Accounts Payable				1,034,458
Net Investment in Capital Assets				<u>\$ 18,913,813</u>

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

Governmental Activities:	
General Government	\$ 92,904
Public Safety	247,052
Public Works	662,053
Culture and Recreation	59,064
Conservation and Development	20,045
Total Depreciation And Amortization Expense - Governmental Activities	<u>\$ 1,081,118</u>
Business-Type Activities:	
Water Utility	\$ 226,848
Sewer Utility	230,138
Total Depreciation And Amortization Expense - Business-Type Activities	<u>\$ 456,986</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, are detailed below:

	Interfund Receivables	Interfund Payables
Advances to Other Funds:		
Governmental Funds:		
General Fund	\$ 2,551,634	\$ -
Debt Service Fund	313,891	-
Capital Projects Funds:		
TID #1	-	2,551,634
TID #2	-	313,891
Total	\$ 2,865,525	\$ 2,865,525

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, 2023, were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 4,781	\$ 29,050
Park	-	72,021
Municipal Court	29,050	267
TID #2	-	1
TID #3	-	1
Equipment Replacement	72,021	3,500
Water Utility	-	506
Sewer Utility	-	506
Total	105,852	105,852
Less: Government-Wide Eliminations	(104,840)	(104,840)
Less: Contributions from TID #2		
for Sewer Utility Capital Assets	(53,306)	(53,306)
Less: Contributions from ARPA Fund		
for Water Utility Capital Assets	(8,846)	(8,846)
Transfers per Statement of Activities	\$ (61,140)	\$ (61,140)

Interfund transfers were made for the following purposes:

To Cover Municipal Court Expenditures Not Covered by Fines	\$ 29,050
Park Fund Contribution Towards Equipment Purchase	72,021
Unspent Grant Funds Transferred to General Fund	3,500
Postage Machine Lease Payment Reimbursements	1,281
Total	\$ 105,852

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 5,895,000	\$ -	\$ 700,000	\$ 5,195,000	\$ 770,000
Notes	1,040,000	-	255,000	785,000	150,000
Notes from Direct Borrowings	-	732,208	-	732,208	61,179
Total General Obligation Debt	6,935,000	732,208	955,000	6,712,208	981,179
Redevelopment Revenue					
Bonds	1,925,000	-	115,000	1,810,000	120,000
Debt Premium	619,293	-	148,823	470,470	-
Financed Purchases Payable	206,835	-	23,282	183,553	23,979
Leases Payable	17,886	-	5,081	12,805	5,430
Compensated Absences	160,235	107,763	-	267,998	-
Governmental Activities Long-Term Obligations	<u>\$ 9,864,249</u>	<u>\$ 839,971</u>	<u>\$ 1,247,186</u>	<u>\$ 9,457,034</u>	<u>\$ 1,130,588</u>

Total interest paid during the year on long-term debt totaled \$276,190.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
General Obligation Notes	12/17/2018	3/1/2028	3.00 %	\$ 1,290,000	\$ 785,000
General Obligation Refunding Bonds	2/3/2021	4/1/2034	4.00	4,685,000	3,740,000
General Obligation Refunding Bonds	2/3/2021	4/1/2030	2.00	1,870,000	1,455,000
General Obligation Promissory Note	1/24/2023	1/25/2033	3.94	732,208	732,208
Total Outstanding General Obligation Debt					<u>\$ 6,712,208</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$6,712,208 on December 31, 2023, are detailed below:

Year Ending December 31,	Governmental Activities					
	Bonds and Notes		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 920,000	\$ 186,000	\$ 61,179	\$ 28,849	\$ 981,179	\$ 214,849
2025	950,000	212,925	63,589	26,439	1,013,589	239,364
2026	985,000	118,625	66,095	23,933	1,051,095	142,558
2027	1,000,000	83,400	68,699	21,329	1,068,699	104,729
2028	1,010,000	49,675	71,405	18,622	1,081,405	68,297
2029-2033	1,015,000	77,450	401,241	48,627	1,416,241	126,077
2034	100,000	2,000	-	-	100,000	2,000
Total	<u>\$ 5,980,000</u>	<u>\$ 730,075</u>	<u>\$ 732,208</u>	<u>\$ 167,799</u>	<u>\$ 6,712,208</u>	<u>\$ 897,874</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

General Obligation Debt (Continued)

The Village's outstanding notes from direct borrowings related to governmental activities of \$732,208 contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

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, 2023, was \$38,076,052 as follows:

Equalized Value per Wisconsin Department of Revenue	\$ 895,765,200
Debt Limitation Percentage (5% Municipality)	5.00%
Total Allowable GO Debt	44,788,260
Less: Current GO Debt	6,712,208
Debt Margin	\$ 38,076,052

Revenue Bonds

Revenue bonds outstanding on December 31, 2023, totaled \$1,810,000 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
Redevelopment Lease Revenue Bonds	3/1/2016	4/1/2036	0.006% to 3.20%	\$ 2,595,000	\$ 1,810,000

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 \$1,810,000 on December 31, 2023, are detailed below:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
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	130,000	37,333	167,333
2029-2033	710,000	129,290	839,290
2034-2036	480,000	23,163	503,163
Total	\$ 1,810,000	\$ 368,723	\$ 2,178,723

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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 financing agreement is \$259,075 and the related accumulated depreciation is \$107,948 as of December 31, 2023. Annual principal and interest maturities of the outstanding financing as of December 31, 2023, are detailed below:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 183,553</u>	<u>\$ 17,699</u>	<u>\$ 201,252</u>

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 2024 to 2026.

*Postage Machine Lease* – Monthly installments of \$244 including interest at 2.50%, due dates ranging from 2024 to 2025.

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,209	\$ 221	\$ 5,430
2025	5,096	89	5,185
2026	2,500	-	2,500
Total	<u>\$ 12,805</u>	<u>\$ 310</u>	<u>\$ 13,115</u>

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

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan**

**1. Plan Description**

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

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

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2022	7.4	15.0

**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, 2023, the WRS recognized \$201,275 in contributions from the Village.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**3. Contributions (Continued)**

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80 %	6.80 %
Protective With Social Security	6.80	13.20
Protective Without Social Security	6.80	18.10

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

At December 31, 2023, the Village reported a liability of \$576,029 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.01087319%, which was a decrease of 0.00003161% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$292,953.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 917,434	\$ 1,205,305
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	978,540	-
Changes in Assumptions	113,271	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	531	575
Employer Contributions Subsequent to the Measurement Date	201,275	-
Total	<u>\$ 2,211,051</u>	<u>\$ 1,205,880</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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)**

\$201,275 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2024	\$ 33,554
2025	166,339
2026	170,558
2027	433,445
Total	<u>\$ 803,896</u>

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2021
Measurement Date of Net Pension Liability (Asset)	December 31, 2022
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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

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. The total pension liability for December 31, 2022, is based upon a roll-forward of the liability calculated from the December 31, 2021, actuarial valuation.

Long-Term Expected Return on Plan Assets

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

	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fund Asset Class:			
Public Equity	48.0 %	7.6 %	5.0 %
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive Assets	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Cash	(15.0)	N/A	N/A
Total Core Fund	<u>100.0 %</u>	7.4	4.8
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2	4.6
International Equities	30.0	8.1	5.5
Total Variable Fund	<u>100.0 %</u>	7.7	5.1

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%.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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 for the current and 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 4.05% (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, 2022. 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:

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
Village's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,911,822</u>	<u>\$ 576,029</u>	<u>\$ (342,881)</u>

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>.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**6. Payables to the Pension Plan**

At December 31, 2023, the Village reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

**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, 2023, nonspendable fund balance was as follows:

	General
General Fund:	
Nonspendable:	
Inventories and Prepaid Items	\$ 111,765
Advance to TIF #1	2,551,634
Total General Fund Nonspendable Fund Balance	2,663,399
Municipal Court Special Revenue Fund:	
Nonspendable:	
Inventories and Prepaid Items	840
Equipment Replacement Fund:	
Nonspendable:	
Inventories and Prepaid Items	246,601
Total Nonspendable Fund Balance	\$ 2,910,840

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Fire Dues Expenditures	\$ 65,693
Debt Service Fund:	
Restricted for:	
Payment of Long-Term Debt Obligations	595,895
Capital Projects Funds:	
Restricted for:	
TID #1 Debt	171,557
TID #2	509,567
TID #3	98,711
TID #4	132,806
Total Capital Projects Funds Restricted	912,641
Fund Balance	912,641
Total Restricted Fund Balance	\$ 1,574,229

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2023, General Fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Fire Department Donations Expenditures	\$ 19,713
Park Projects	71,158
Total Committed Fund Balance	\$ 90,871

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, fund balance was assigned as follows:

General Fund:

Assigned for	
Subsequent years budget	\$ 402,438
Public Works Engineering	30,000
Planning/Zoning; Engineering	3,000
Highway Bridge Inspections	3,000
Parks Projects	28,000
Major Repairs	113,866
Community Events	300
Total General Fund Assigned Fund Balance	580,604

Capital Projects Funds:

Assigned for	
Capital Improvements:	524,673
Equipment Replacement	48,499
Total Capital Projects Funds Assigned	573,172
Fund Balance	573,172
Total Assigned Fund Balance	\$ 1,153,776

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 2023 General Fund Expenditures	\$ 5,176,292
Minimum Fund Balance Percentage	(x) 15%
Minimum Fund Balance Amount	\$ 776,444

The Village's unassigned General Fund balance of \$182,212 is below the minimum fund balance amount.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, the Village can recover \$6,667,634 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 6,128,721
TID #2	(509,568)
TID #3	(98,712)
TID #4	1,147,193
Total	\$ 6,667,634

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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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**

On January 24, 2024, the Village issued \$3,385,500 in water system revenue bonds through the Safe Drinking Water Loan program. The bonds will finance certain capital improvements to the Water Utility.

**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
12/31/2022	0.01087319	576,029	1,449,283	39.75	95.72

**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
12/31/2023	201,275	201,275	-	1,943,544	10.36

See accompanying Note to Required Supplementary Information.

**VILLAGE OF KRONENWETTER, WISCONSIN  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**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 WTS 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 wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Taxes:</b>				
General Property	\$ 1,631,019	\$ 1,631,019	\$ 1,631,019	\$ -
Mobile Home Taxes	4,729	4,729	6,873	2,144
Forest Crop	30,475	30,475	31,229	754
Interest and Taxes	-	-	3,056	3,056
Total Taxes	<u>1,666,223</u>	<u>1,666,223</u>	<u>1,672,177</u>	<u>5,954</u>
<b>Intergovernmental:</b>				
State:				
State Shared Taxes	1,665,318	1,665,318	1,657,881	(7,437)
Tax-Exempt Computer Aid	404	404	404	-
Transportation	321,000	321,000	323,892	2,892
Forest Crop and Severance Tax	3,800	3,800	3,812	12
Recycling Grant	28,500	28,500	28,512	12
Environmental Impact	34,627	34,627	34,627	-
Other Intergovernmental	19,500	19,500	77,325	57,825
Election Service Aid	-	-	828	828
County:				
Bridge Aid	15,505	15,505	9,976	(5,529)
Timber Sales	12,500	12,500	11,111	(1,389)
Total Intergovernmental	<u>2,101,154</u>	<u>2,101,154</u>	<u>2,148,368</u>	<u>47,214</u>
<b>Licenses, Permits, and Other:</b>				
Licenses:				
Occupational License	3,982	3,982	4,850	868
Dog License	1,260	1,260	3,910	2,650
Cable Franchise Fees	60,000	60,000	70,560	10,560
Permits:				
Building Permits	80,000	80,000	33,453	(46,547)
Excavating/Mining Permits	12,000	12,000	700	(11,300)
Plat Reviews	2,500	2,500	2,900	400
Other:				
Other Licenses/Permits	1,500	1,500	10,144	8,644
Other Regulatory Fees	1,500	1,500	825	(675)
Total Licenses, Permits, and Other	<u>162,742</u>	<u>162,742</u>	<u>127,342</u>	<u>(35,400)</u>
<b>Fines and Forfeits:</b>				
Court Fines and Penalties	24,000	24,000	30,758	6,758
<b>Public Charges for Services:</b>				
Public Record/Special Assessment Searches	4,000	4,000	4,245	245
Fire Department	-	-	2,070	2,070
Streets	9,800	9,800	861	(8,939)
Public Safety	-	-	230	230
Garbage/Refuse/Recycling	514,535	514,535	510,462	(4,073)
Total Public Charges for Services	<u>528,335</u>	<u>528,335</u>	<u>517,868</u>	<u>(10,467)</u>
<b>Intergovernmental Charges for Services:</b>				
Crossing Guard	2,500	2,500	2,525	25
Fire Protection	5,100	5,100	5,100	-
Total Intergovernmental Charges for Services	<u>7,600</u>	<u>7,600</u>	<u>7,625</u>	<u>25</u>
<b>Miscellaneous:</b>				
Interest	6,000	6,000	121,570	115,570
Rent of Village Property	3,425	3,425	11,635	8,210
Sale of Materials and Supplies	10,750	10,750	1,729	(9,021)
Insurance Claims and Refunds	-	-	177,748	177,748
Private Donations	1,850	1,850	7,091	5,241
Miscellaneous	28,778	28,778	11,075	(17,703)
Total Miscellaneous	<u>50,803</u>	<u>50,803</u>	<u>330,848</u>	<u>280,045</u>
Total Revenues	<u>\$ 4,540,857</u>	<u>\$ 4,540,857</u>	<u>\$ 4,834,986</u>	<u>\$ 294,129</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>General Government:</b>				
Village Board	\$ 40,303	\$ 40,303	\$ 21,493	\$ 18,810
Legal	27,000	47,000	42,369	4,631
Municipal Court	12,000	12,000	14,107	(2,107)
Office	227,323	207,323	233,119	(25,796)
Administrator	90,247	90,247	56,231	34,016
Deputy Clerk-Treasurer	16,795	16,795	13,727	3,068
Clerk	90,937	90,937	85,079	5,858
Secretary	169,287	169,287	150,216	19,071
Elections	17,644	17,644	20,085	(2,441)
Treasurer	111,537	111,537	105,507	6,030
Assessor	16,200	16,200	17,798	(1,598)
Municipal Building	90,724	90,769	201,488	(110,719)
Other General Government	94,875	94,875	85,768	9,107
Total General Government	<u>1,004,872</u>	<u>1,004,917</u>	<u>1,046,987</u>	<u>(42,070)</u>
<b>Public Safety:</b>				
Police and Fire Commissioner	3,679	3,679	4,961	(1,282)
Police Department	1,312,627	1,312,627	1,216,792	95,835
Police Clerk	56,144	56,144	50,782	5,362
Crossing Guards	5,296	5,296	5,296	-
Fire Department	282,701	284,298	360,904	(76,606)
First Responders	40,150	40,653	103,491	(62,838)
Ambulance	93,000	90,900	71,231	19,669
Building Inspector	44,662	44,662	30,776	13,886
Total Public Safety	<u>1,838,259</u>	<u>1,838,259</u>	<u>1,844,233</u>	<u>(5,974)</u>
<b>Public Works:</b>				
Engineering	48,500	21,500	-	21,500
Public Works Director	53,842	53,842	41,419	12,423
Road and Street Maintenance	1,009,798	1,038,727	1,001,927	36,800
Shop and Garage	17,915	18,075	20,962	(2,887)
Street Lighting	50,000	50,000	49,063	937
Storm Sewers	228,200	223,611	206,495	17,116
Solid Waste/Recycle Collection	529,101	531,601	492,216	39,385
Total Public Works	<u>1,937,356</u>	<u>1,937,356</u>	<u>1,812,082</u>	<u>125,274</u>
<b>Health and Human Services:</b>				
Animal and Insect Control	4,995	4,995	4,995	-
<b>Culture and Recreation:</b>				
Parks	139,871	143,171	105,705	37,466
<b>Conservation and Development:</b>				
Community Development/Zoning	152,439	149,094	148,399	695
<b>Debt Service:</b>				
Principal Retirement	-	-	28,363	(28,363)
Interest and Fiscal Charges	-	-	6,551	(6,551)
Total Debt Service	<u>-</u>	<u>-</u>	<u>34,914</u>	<u>(34,914)</u>
<b>Capital Outlay:</b>				
Road Construction	90,000	90,000	30,942	59,058
Police	7,000	7,000	6,886	114
Fire Department	1,500	1,500	1,500	-
Total Capital Outlay	<u>98,500</u>	<u>98,500</u>	<u>39,328</u>	<u>59,172</u>
Total Expenditures	<u>\$ 5,176,292</u>	<u>\$ 5,176,292</u>	<u>\$ 5,036,643</u>	<u>\$ 139,649</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 22,570	\$ 65,693	\$ 71,158	\$ 2,906
Restricted Cash and Investments	-	-	-	-	-
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts, Net	-	-	-	-	53,516
Inventories and Prepaid Items	-	-	-	-	840
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 22,570</b>	<b>\$ 65,693</b>	<b>\$ 71,158</b>	<b>\$ 57,262</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 2,857	\$ -	\$ -	\$ 3,500
Accrued and Other Current Liabilities	-	-	-	-	861
<b>Total Liabilities</b>	<b>-</b>	<b>2,857</b>	<b>-</b>	<b>-</b>	<b>4,361</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Fines Receivable	-	-	-	-	52,901
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,901</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	840
Restricted	-	-	65,693	-	-
Committed	-	19,713	-	71,158	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(840)
<b>Total Fund Balances</b>	<b>-</b>	<b>19,713</b>	<b>65,693</b>	<b>71,158</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 22,570</b>	<b>\$ 65,693</b>	<b>\$ 71,158</b>	<b>\$ 57,262</b>

**VILLAGE OF KRONENWETTER, WISCONSIN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	Capital Projects			Total
	TID #3	TID #4	Capital Projects	
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ 622,239	\$ 784,566
Restricted Cash and Investments	117,645	198,220	-	315,865
Receivables:				
Taxes and Special Charges	17,481	66,279	102,434	186,194
Accounts, Net	-	-	-	53,516
Inventories and Prepaid Items	-	-	-	840
<b>Total Assets</b>	<b>\$ 135,126</b>	<b>\$ 264,499</b>	<b>\$ 724,673</b>	<b>\$ 1,340,981</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,250	\$ 2,250	\$ -	\$ 10,857
Accrued and Other Current Liabilities	34	34	-	929
<b>Total Liabilities</b>	<b>2,284</b>	<b>2,284</b>	<b>-</b>	<b>11,786</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	34,131	129,409	200,000	363,540
Fines Receivable	-	-	-	52,901
<b>Total Deferred Inflows of Resources</b>	<b>34,131</b>	<b>129,409</b>	<b>200,000</b>	<b>416,441</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	840
Restricted	98,711	132,806	-	297,210
Committed	-	-	-	90,871
Assigned	-	-	524,673	524,673
Unassigned	-	-	-	(840)
<b>Total Fund Balances</b>	<b>98,711</b>	<b>132,806</b>	<b>524,673</b>	<b>912,754</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 135,126</b>	<b>\$ 264,499</b>	<b>\$ 724,673</b>	<b>\$ 1,340,981</b>

**VILLAGE OF KRONENWETTER, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue				
	ARPA	Fire Dept. Donations	Fire Dues	Park	Municipal Court
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	407,652	-	32,897	-	-
Fines and Forfeits	-	-	-	-	18,190
Intergovernmental Charges for Services	-	-	1,352	-	-
Miscellaneous	455	27,803	1,429	4,036	-
Total Revenues	<u>408,107</u>	<u>27,803</u>	<u>35,678</u>	<u>4,036</u>	<u>18,190</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	46,973
Public Safety	-	-	45,298	-	-
Public Works	8,846	-	-	-	-
Culture and Recreation	-	33,014	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	400,000	-	-	-	-
Total Expenditures	<u>408,846</u>	<u>33,014</u>	<u>45,298</u>	<u>-</u>	<u>46,973</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(739)	(5,211)	(9,620)	4,036	(28,783)
<b>OTHER FINANCING SOURCES</b>					
Transfers In	-	-	-	-	29,050
Transfers Out	-	-	-	(72,021)	(267)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,021)</u>	<u>28,783</u>
<b>NET CHANGE IN FUND BALANCE</b>	(739)	(5,211)	(9,620)	(67,985)	-
Fund Balance - January 1	<u>739</u>	<u>24,924</u>	<u>75,313</u>	<u>139,143</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 19,713</u>	<u>\$ 65,693</u>	<u>\$ 71,158</u>	<u>\$ -</u>

**VILLAGE OF KRONENWETTER, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects			Total
	TID #3	TID #4	Capital Projects	
<b>REVENUES</b>				
Taxes	\$ 12,992	\$ 159,217	\$ -	\$ 172,209
Intergovernmental	534	1,037	-	442,120
Fines and Forfeits	-	-	-	18,190
Intergovernmental Charges for Services	-	-	-	1,352
Miscellaneous	4,281	32,058	16,611	86,673
Total Revenues	<u>17,807</u>	<u>192,312</u>	<u>16,611</u>	<u>720,544</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	46,973
Public Safety	-	-	-	45,298
Public Works	-	-	-	8,846
Culture and Recreation	-	-	-	33,014
Conservation and Development	4,419	4,418	-	8,837
Debt Service:				
Principal	-	155,000	-	155,000
Interest and Fiscal Charges	-	42,600	-	42,600
Capital Outlay	-	-	30,902	430,902
Total Expenditures	<u>4,419</u>	<u>202,018</u>	<u>30,902</u>	<u>771,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	13,388	(9,706)	(14,291)	(50,926)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	29,050
Transfers Out	(1)	-	-	(72,289)
Total Other Financing Sources (Uses)	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(43,239)</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,387	(9,706)	(14,291)	(94,165)
Fund Balance - January 1	<u>85,324</u>	<u>142,512</u>	<u>538,964</u>	<u>1,006,919</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u><u>\$ 98,711</u></u>	<u><u>\$ 132,806</u></u>	<u><u>\$ 524,673</u></u>	<u><u>\$ 912,754</u></u>

**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, 2023, 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 5, 2024.

***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 were not 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 2023-003 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 2023-001 and 2023-002 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**

Stevens Point, Wisconsin  
September 5, 2024

**VILLAGE OF KRONENWETTER, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

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***Internal Control Over Financial Reporting***

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**2023-001 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. In addition, turnover occurred during the year which required assumption of duties that did not allow the approval, recordkeeping, and custody positions to be properly segregated into different positions. 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 2022-001.

**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. We have implemented some modules with Caselle and will continue to look at more modules to help with increasing internal controls.

**VILLAGE OF KRONENWETTER, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

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***Internal Control Over Financial Reporting (Continued)***

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**2023-002 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 2022-002.

**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.

**VILLAGE OF KRONENWETTER, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

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***Internal Control Over Financial Reporting (Continued)***

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**2023-003 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 2022-003.

**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. The staff will continue attending conferences and reaching out to other Treasurer's to obtain more knowledge.



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