

VILLAGE OF KRONENWETTER, WISCONSIN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2024



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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Kronenwetter, Wisconsin
Kronenwetter, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, 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 accompanying 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, 2024, 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 of Kronenwetter, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Prior Period Adjustment

As described in Note 4.E., the Village recorded a prior period adjustment to adjust capital assets for an asset that was improperly capitalized in a prior year in the governmental activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Kronenwetter, Wisconsin'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 May 8, 2026, 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
May 8, 2026

BASIC FINANCIAL STATEMENTS

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 5,016,487	\$ 3,607,613	\$ 8,624,100
Receivables:			
Taxes and Special Charges	2,705,423	5,793	2,711,216
Accounts, Net	60,859	384,615	445,474
Leases	-	664,039	664,039
Special Assessments	58,123	-	58,123
Due from Other Governments	10,200	-	10,200
Inventories and Prepaid Items	132,238	39,751	171,989
Restricted Assets:			
Cash and Investments	8,762,070	633,441	9,395,511
Preliminary Survey	-	108,954	108,954
Capital Assets, Not Being Depreciated	2,336,275	3,275,103	5,611,378
Capital Assets, Being Depreciated and Amortized	16,496,849	17,802,262	34,299,111
Total Assets	<u>35,578,524</u>	<u>26,521,571</u>	<u>62,100,095</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,491,870	172,228	1,664,098
LIABILITIES			
Accounts Payable	302,784	872,246	1,175,030
Accrued and Other Current Liabilities	162,612	10,784	173,396
Accrued Interest Payable	139,615	9,236	148,851
Special Deposits	4,500	-	4,500
Unearned Revenues	12,485	-	12,485
Long-Term Obligations:			
Due Within One Year	1,860,355	98,575	1,958,930
Due in More Than One Year	14,673,391	2,213,868	16,887,259
Net Pension Liability	163,306	19,050	182,356
Total Liabilities	<u>17,319,048</u>	<u>3,223,759</u>	<u>20,542,807</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	4,484,529	-	4,484,529
Leases Receivable	-	664,039	664,039
Pension Related Amounts	872,480	101,774	974,254
Total Deferred Inflows of Resources	<u>5,357,009</u>	<u>765,813</u>	<u>6,122,822</u>
NET POSITION			
Net Investment in Capital Assets	13,829,613	18,062,209	31,891,822
Restricted:			
Debt Service	163,475	-	163,475
Capital Projects - TIDs	1,333,566	-	1,333,566
Fire Dues Activities	81,989	-	81,989
Capital Replacement	-	633,441	633,441
Unrestricted Balance (Deficit)	<u>(1,014,306)</u>	<u>4,008,577</u>	<u>2,994,271</u>
Total Net Position	<u>\$ 14,394,337</u>	<u>\$ 22,704,227</u>	<u>\$ 37,098,564</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,278,305	\$ 121,302	\$ 6,962	\$ -
Public Safety	2,217,252	29,501	55,682	-
Public Works	2,447,263	531,669	400,365	-
Culture and Recreation	180,924	16,544	15,203	-
Conservation and Development	123,020	8,868	-	-
Interest and Fiscal Charges	321,239	-	-	83,360
Total Governmental Activities	6,568,003	707,884	478,212	83,360
BUSINESS-TYPE ACTIVITIES				
Water Utility	697,739	806,556	-	-
Sewer Utility	1,120,499	1,218,408	-	-
Total Business-Type Activities	1,818,238	2,024,964	-	-
Total	\$ 8,386,241	\$ 2,732,848	\$ 478,212	\$ 83,360

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Net Revenue (Expense) and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (1,150,041)	\$ -	\$ (1,150,041)
Public Safety	(2,132,069)	-	(2,132,069)
Public Works	(1,515,229)	-	(1,515,229)
Culture and Recreation	(149,177)	-	(149,177)
Conservation and Development	(30,792)	-	(30,792)
Interest and Fiscal Charges	(321,239)	-	(321,239)
Total Governmental Activities	(5,298,547)	-	(5,298,547)
BUSINESS-TYPE ACTIVITIES			
Water Utility	-	108,817	108,817
Sewer Utility	-	97,909	97,909
Total Business-Type Activities	-	206,726	206,726
Total	(5,298,547)	206,726	(5,091,821)
GENERAL REVENUES			
Taxes:			
Property Taxes	2,476,973	-	2,476,973
Tax Increments	1,259,830	-	1,259,830
Other Taxes	35,743	-	35,743
Federal and State Grants and Other			
Contributions Not Restricted to			
Specific Functions	2,223,441	-	2,223,441
Interest and Investment Earnings	322,917	145,098	468,015
Miscellaneous	35,749	5,980	41,729
Gain on Sale of Asset	31,342	-	31,342
TRANSFERS	(63,432)	63,432	-
Total General Revenues and Transfers	6,322,563	214,510	6,537,073
CHANGES IN NET POSITION	1,024,016	421,236	1,445,252
Net Position - January 1, as Originally Reported	13,911,026	22,282,991	36,194,017
Prior Period Adjustment	(540,705)	-	(540,705)
Net Position - January 1, as Adjusted	13,370,321	22,282,991	35,653,312
NET POSITION - DECEMBER 31	<u>\$ 14,394,337</u>	<u>\$ 22,704,227</u>	<u>\$ 37,098,564</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

ASSETS	<u>General</u>	<u>Debt Service</u>	<u>TID #1</u>
Cash and Investments	\$ 2,241,618	\$ 358,693	\$ -
Restricted Cash and Investments	-	-	188,806
Receivables:			
Taxes and Special Charges	1,593,580	442,704	132,996
Accounts, Net	33,243	-	-
Special Assessments	-	58,123	-
Advance to Other Funds	2,659,669	-	-
Due from Other Governments	10,200	-	-
Inventories and Prepaid Items	132,238	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,670,548</u>	<u>\$ 859,520</u>	<u>\$ 321,802</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts Payable	\$ 264,987	\$ -	\$ -
Accrued and Other Current Liabilities	160,220	-	587
Advance from Other Funds	-	-	2,659,669
Special Deposits	-	-	-
Unearned Revenues	12,485	-	-
Total Liabilities	<u>437,692</u>	<u>-</u>	<u>2,660,256</u>
 DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,509,058	672,743	260,609
Fines Receivable	-	-	-
Special Assessments	-	58,123	-
Total Deferred Inflows of Resources	<u>2,509,058</u>	<u>730,866</u>	<u>260,609</u>
 FUND BALANCES (DEFICITS)			
Nonspendable	2,791,907	-	-
Restricted	-	128,654	188,806
Committed	-	-	-
Assigned	-	-	-
Unassigned Balance (Deficit)	931,891	-	(2,787,869)
Total Fund Balances (Deficits)	<u>3,723,798</u>	<u>128,654</u>	<u>(2,599,063)</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 6,670,548</u>	<u>\$ 859,520</u>	<u>\$ 321,802</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	TID #2	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	\$ -	\$ 2,416,176	\$ 5,016,487
Restricted Cash and Investments	8,268,878	304,386	8,762,070
Receivables:			
Taxes and Special Charges	449,262	86,881	2,705,423
Accounts, Net	-	27,616	60,859
Special Assessments	-	-	58,123
Advance to Other Funds	-	-	2,659,669
Due from Other Governments	-	-	10,200
Inventories and Prepaid Items	-	-	132,238
	<u>-</u>	<u>-</u>	<u>132,238</u>
Total Assets	<u>\$ 8,718,140</u>	<u>\$ 2,835,059</u>	<u>\$ 19,405,069</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts Payable	\$ 28,508	\$ 9,289	\$ 302,784
Accrued and Other Current Liabilities	263	1,542	162,612
Advance from Other Funds	-	-	2,659,669
Special Deposits	4,500	-	4,500
Unearned Revenues	-	-	12,485
Total Liabilities	<u>33,271</u>	<u>10,831</u>	<u>3,142,050</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	880,339	170,245	4,492,994
Fines Receivable	-	27,616	27,616
Special Assessments	-	-	58,123
Total Deferred Inflows of Resources	<u>880,339</u>	<u>197,861</u>	<u>4,578,733</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	2,791,907
Restricted	7,804,530	1,767,963	9,889,953
Committed	-	97,259	97,259
Assigned	-	761,145	761,145
Unassigned Balance (Deficit)	-	-	(1,855,978)
Total Fund Balances (Deficits)	<u>7,804,530</u>	<u>2,626,367</u>	<u>11,684,286</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 8,718,140</u>	<u>\$ 2,835,059</u>	<u>\$ 19,405,069</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, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 11,684,286
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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.	18,833,124
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Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Special Assessments on Tax Roll	8,465
Special Assessments	58,123
Fines Receivable	27,616

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	1,491,870
Deferred Inflows Related to Pensions	(872,480)

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

Bonds and Notes Payable	(15,276,029)
Premium on Debt	(725,361)
Compensated Absences	(365,186)
Net Pension Liability	(163,306)
Financed Purchases Payable	(159,574)
Leases Payable	(7,596)
Accrued Interest on Long-Term Obligations	(139,615)

Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 14,394,337
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\$ 14,394,337

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	TID #1	TID #2
REVENUES				
Taxes	\$ 1,691,204	\$ 193,012	\$ 252,278	\$ 844,012
Special Assessments	-	3,729	-	-
Intergovernmental	2,596,756	-	568	44,295
Licenses and Permits	120,462	-	-	-
Fines and Forfeitures	37,275	-	-	-
Public Charges for Services	534,735	-	-	-
Intergovernmental Charges for Services	8,042	-	-	-
Miscellaneous	207,603	6,954	87,957	84,929
Total Revenues	5,196,077	203,695	340,803	973,236
EXPENDITURES				
Current:				
General Government	1,010,209	-	713	151
Public Safety	1,856,092	-	-	-
Public Works	1,745,283	-	-	-
Culture and Recreation	108,609	-	-	-
Conservation and Development	151,316	-	3,712	39,389
Debt Service:				
Principal	29,188	606,179	330,000	-
Interest and Fiscal Charges	5,727	145,715	101,720	106,714
Capital Outlay	8,091	-	-	223,957
Total Expenditures	4,914,515	751,894	436,145	370,211
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	281,562	(548,199)	(95,342)	603,025
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	6,390,000
Premium on Debt Issued	-	80,958	-	301,938
Proceeds from Sale of Capital Assets	31,342	-	-	-
Transfers In	46,612	-	-	-
Transfers Out	(61,933)	-	-	-
Total Other Financing Sources (Uses)	16,021	80,958	-	6,691,938
NET CHANGE IN FUND BALANCE	297,583	(467,241)	(95,342)	7,294,963
Fund Balance - January 1, as Originally Reported	3,426,215	595,895	(2,503,721)	509,567
Change Within Financial Reporting Entity - Change from Major to Nonmajor	-	-	-	-
Fund Balance (Deficit) - January 1, as Adjusted	3,426,215	595,895	(2,503,721)	509,567
FUND BALANCE (DEFICIT) - DECEMBER 31	\$ 3,723,798	\$ 128,654	\$ (2,599,063)	\$ 7,804,530

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, 2024**

	Equipment Replacement	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ -	\$ 792,040	\$ 3,772,546
Special Assessments	-	-	3,729
Intergovernmental	-	38,226	2,679,845
Licenses and Permits	-	-	120,462
Fines and Forfeitures	-	22,251	59,526
Public Charges for Services	-	-	534,735
Intergovernmental Charges for Services	-	1,505	9,547
Miscellaneous	-	85,290	472,733
Total Revenues	-	939,312	7,653,123
EXPENDITURES			
Current:			
General Government	-	56,656	1,067,729
Public Safety	-	36,871	1,892,963
Public Works	-	-	1,745,283
Culture and Recreation	-	-	108,609
Conservation and Development	-	7,436	201,853
Debt Service:			
Principal	-	165,000	1,130,367
Interest and Fiscal Charges	-	41,200	401,076
Capital Outlay	-	695,436	927,484
Total Expenditures	-	1,002,599	7,475,364
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(63,287)	177,759
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	1,465,000	7,855,000
Premium on Debt Issued	-	-	382,896
Proceeds from Sale of Capital Assets	-	-	31,342
Transfers In	-	61,933	108,545
Transfers Out	-	(45,133)	(107,066)
Total Other Financing Sources (Uses)	-	1,481,800	8,270,717
NET CHANGE IN FUND BALANCE	-	1,418,513	8,448,476
Fund Balance - January 1, as Originally Reported	295,100	912,754	3,235,810
Change Within Financial Reporting Entity - Change from Major to Nonmajor	(295,100)	295,100	-
Fund Balance (Deficit) - January 1, as Adjusted	-	1,207,854	3,235,810
FUND BALANCE (DEFICIT) - DECEMBER 31	\$ -	\$ 2,626,367	\$ 11,684,286

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, 2024**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 8,448,476

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	791,670
Depreciation and Amortization Expense Reported in the Statement of Activities	(1,110,476)
Net Book Value of Disposals	(23,417)

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. (29,014)

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	(7,855,000)
Premium on Debt Issued	(382,896)
Principal Paid on Long-Term Debt	1,101,179
Principal Paid on Financed Purchases Payable	23,979
Principal Paid on Leases Payable	5,209

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	(48,168)
Amortization of Premiums	128,005
Compensated Absences	(97,188)
Net Pension Asset (Liability)	350,605
Deferred Outflows of Resources Related to Pensions	(482,308)
Deferred Inflows of Resources Related to Pensions	203,360

Change in Net Position of Governmental Activities as Reported in the Statement of Activities

\$ 1,024,016

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, 2024**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,691,196	\$ 1,691,196	\$ 1,691,204	\$ 8
Intergovernmental	2,433,032	2,433,032	2,596,756	163,724
Licenses and Permits	148,700	148,700	120,462	(28,238)
Fines and Forfeitures	34,000	34,000	37,275	3,275
Public Charges for Services	527,800	527,800	534,735	6,935
Intergovernmental Charges for Services	7,600	7,600	8,042	442
Miscellaneous	150,200	150,200	207,603	57,403
Total Revenues	4,992,528	4,992,528	5,196,077	203,549
EXPENDITURES				
Current:				
General Government	1,131,230	1,261,105	1,010,209	250,896
Public Safety	2,014,639	2,014,639	1,856,092	158,547
Public Works	2,067,980	2,050,585	1,745,283	305,302
Health and Human Services	5,000	5,000	-	5,000
Culture and Recreation	123,765	123,765	108,609	15,156
Conservation and Development	203,618	203,618	151,316	52,302
Debt Service:				
Principal	-	-	29,188	(29,188)
Interest and Fiscal Charges	-	-	5,727	(5,727)
Capital Outlay	9,400	9,400	8,091	1,309
Total Expenditures	5,555,632	5,668,112	4,914,515	753,597
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(563,104)	(675,584)	281,562	957,146
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	7,625	31,342	23,717
Transfers In	-	45,000	46,612	1,612
Transfers Out	(17,500)	(34,895)	(61,933)	(27,038)
Total Other Financing Sources (Uses)	(17,500)	17,730	16,021	(1,709)
NET CHANGE IN FUND BALANCE	(580,604)	(657,854)	297,583	955,437
Fund Balance - January 1	3,426,215	3,426,215	3,426,215	-
FUND BALANCE - DECEMBER 31	<u>\$ 2,845,611</u>	<u>\$ 2,768,361</u>	<u>\$ 3,723,798</u>	<u>\$ 955,437</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,773,663	\$ 833,950	\$ 3,607,613
Receivables:			
Taxes and Special Charges	2,307	3,486	5,793
Customer Accounts	142,749	241,866	384,615
Leases	14,961	-	14,961
Inventories and Prepaid Items	30,225	9,526	39,751
Total Current Assets	<u>2,963,905</u>	<u>1,088,828</u>	<u>4,052,733</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Investments	-	633,441	633,441
Leases	649,078	-	649,078
Preliminary Survey	108,954	-	108,954
Capital Assets:			
Nondepreciable	3,093,355	181,748	3,275,103
Depreciable	8,850,661	8,951,601	17,802,262
Total Capital Assets	<u>11,944,016</u>	<u>9,133,349</u>	<u>21,077,365</u>
Total Noncurrent Assets	<u>12,702,048</u>	<u>9,766,790</u>	<u>22,468,838</u>
Total Assets	15,665,953	10,855,618	26,521,571
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	88,006	84,222	172,228
LIABILITIES			
Current Liabilities:			
Accounts Payable	807,749	64,497	872,246
Accrued and Other Current Liabilities	5,895	4,889	10,784
Accrued Interest	9,236	-	9,236
Current Portion of Long-Term Debt	98,575	-	98,575
Total Current Liabilities	<u>921,455</u>	<u>69,386</u>	<u>990,841</u>
Long-Term Obligations:			
Revenue Bonds	2,183,898	-	2,183,898
Compensated Absences	14,985	14,985	29,970
Net Pension Liability	9,731	9,319	19,050
Total Long-Term Liabilities	<u>2,208,614</u>	<u>24,304</u>	<u>2,232,918</u>
Total Liabilities	3,130,069	93,690	3,223,759
DEFERRED INFLOWS OF RESOURCES			
Leases Receivable	664,039	-	664,039
Pension Related Amounts	51,986	49,788	101,774
Total Deferred Inflows of Resources	<u>716,025</u>	<u>49,788</u>	<u>765,813</u>
NET POSITION			
Net Investment in Capital Assets	8,938,153	9,124,056	18,062,209
Restricted:			
Capital Replacement	-	633,441	633,441
Unrestricted	2,969,712	1,038,865	4,008,577
Total Net Position	<u>\$ 11,907,865</u>	<u>\$ 10,796,362</u>	<u>\$ 22,704,227</u>

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, 2024

	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for Services	\$ 760,468	\$ 1,203,747	\$ 1,964,215
Other	46,088	14,661	60,749
Total Operating Revenues	<u>806,556</u>	<u>1,218,408</u>	<u>2,024,964</u>
OPERATING EXPENSES			
Operation and Maintenance	414,651	885,847	1,300,498
Depreciation and Amortization	229,945	234,652	464,597
Total Operating Expenses	<u>644,596</u>	<u>1,120,499</u>	<u>1,765,095</u>
OPERATING INCOME	161,960	97,909	259,869
NONOPERATING REVENUES			
Interest Income	87,899	57,199	145,098
Interest and Fiscal Charges	(53,143)	-	(53,143)
Other Nonoperating Revenues	-	5,980	5,980
Total Nonoperating Revenues	<u>34,756</u>	<u>63,179</u>	<u>97,935</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	196,716	161,088	357,804
CAPITAL CONTRIBUTIONS	-	64,911	64,911
TRANSFERS			
Transfers Out	<u>(739)</u>	<u>(740)</u>	<u>(1,479)</u>
CHANGE IN NET POSITION	195,977	225,259	421,236
Net Position - January 1	<u>11,711,888</u>	<u>10,571,103</u>	<u>22,282,991</u>
NET POSITION - DECEMBER 31	<u><u>\$ 11,907,865</u></u>	<u><u>\$ 10,796,362</u></u>	<u><u>\$ 22,704,227</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 773,119	\$ 1,129,552	\$ 1,902,671
Cash Received from Lessees	31,360	-	31,360
Cash Paid for Employee Wages and Benefits	(231,908)	(221,448)	(453,356)
Cash Paid to Suppliers	(78,242)	(670,677)	(748,919)
Miscellaneous Nonoperating Income	-	5,980	5,980
Net Cash Provided by Operating Activities	<u>494,329</u>	<u>243,407</u>	<u>737,736</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer Out	(739)	(740)	(1,479)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(1,695,054)	(135,501)	(1,830,555)
Proceeds from Long-Term Debt	2,282,473	-	2,282,473
Bond Issuance Costs Paid	(17,500)	-	(17,500)
Interest Paid on Long-Term Debt	(26,407)	-	(26,407)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>543,512</u>	<u>(135,501)</u>	<u>408,011</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>87,899</u>	<u>57,199</u>	<u>145,098</u>
CHANGE IN CASH AND INVESTMENTS	1,125,001	164,365	1,289,366
Cash and Investments - January 1	<u>1,648,662</u>	<u>1,303,026</u>	<u>2,951,688</u>
CASH AND INVESTMENTS - DECEMBER 31	<u><u>\$ 2,773,663</u></u>	<u><u>\$ 1,467,391</u></u>	<u><u>\$ 4,241,054</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 161,960	\$ 97,909	\$ 259,869
Miscellaneous Nonoperating Income	-	5,980	5,980
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	229,945	234,652	464,597
Depreciation Charged to Sewer Utility	24,518	(24,518)	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in Pension Asset/Liability	(22,245)	(20,823)	(43,068)
Change in Pension Deferred Outflows	33,690	30,955	64,645
Change in Pension Deferred Inflows	(14,954)	(13,312)	(28,266)
(Increase) Decrease in Operating Assets:			
Taxes and Special Charges	4	(1,289)	(1,285)
Accounts Receivable	(2,173)	(87,567)	(89,740)
Other Receivables	92	-	92
Inventories and Prepaid Items	(8,499)	(6,784)	(15,283)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	76,938	14,225	91,163
Accrued and Other Current Liabilities	68	(1,006)	(938)
Compensated Absences	14,985	14,985	29,970
Net Cash Provided by Operating Activities	<u>\$ 494,329</u>	<u>\$ 243,407</u>	<u>\$ 737,736</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents in Current Assets	\$ 2,773,663	\$ 833,950	\$ 3,607,613
Cash and Cash Equivalents in Restricted Assets	-	633,441	633,441
Total Cash and Investments	<u>\$ 2,773,663</u>	<u>\$ 1,467,391</u>	<u>\$ 4,241,054</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Developer and Municipal Contributed Capital Assets	<u>\$ -</u>	<u>\$ 64,911</u>	<u>\$ 64,911</u>
Capital Assets Purchased on Account with Vendors	<u>\$ 723,390</u>	<u>\$ 9,293</u>	<u>\$ 732,683</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2024**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 3,333,925
Receivables:	
Taxes and Special Charges	<u>6,467,252</u>
Total Assets	<u>9,801,177</u>
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	<u>9,801,177</u>
 NET POSITION	
Restricted for Other Governments	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2024

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 9,807,071
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>9,807,071</u>
CHANGE IN NET POSITION	-
Net Position - January 1	<u>-</u>
NET POSITION - DECEMBER 31	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 and is governed by a seven-member board which is appointed by the Village Board. The Redevelopment Authority exists to serve 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. The Redevelopment Authority does not issue a separate set of financial statements.

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. 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. *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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Village reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Tax Incremental District No. 1 Capital Projects Fund

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

Tax Incremental District No. 2 Capital Projects Fund

This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 2.

The Village reports the following major enterprise funds:

Water Utility Fund

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

Sewer Utility Fund

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

The Village also reports the following fiduciary fund:

Custodial Fund

The 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, 2024

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.

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, 2024**

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. 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 with an allowance. Governmental funds accounts receivable of \$114,734 have been shown net of an allowance for uncollectible accounts of \$53,875.

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, 2024

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 2024 tax roll are recognized as revenue in 2025.)

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 classified as 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, 2024**

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
Parks	7 to 20	7 to 20
Buildings and Improvements	25 to 100	25 to 100
Machinery and Equipment	3 to 10	3 to 10
Infrastructure	15 to 50	20 to 100

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. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024**

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 Balance and Net Position

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, 2024**

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 Balance and Net Position (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.

F. Adoption of New Accounting Standards

Effective, January 1, 2024, the Village implemented GASB Statement No. 101, *Compensated Absences*. This Statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The implementation of this standard did not affect beginning net position for the Village.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, capital projects funds, and the proprietary funds. The Village did not adopt a budget for the ARPA special revenue fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget.

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

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

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2024.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2024, as follows:

Function/Activity	Excess Expenditures
General:	
General Government:	
Municipal Court	\$ 3,765
Office	16,057
Assessor	914
Public Safety:	
Crossing Guards	218
Debt Service:	
Principal Retirement	29,188
Interest and Fiscal Charges	5,727

C. Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2024:

Fund	Deficit Fund Balance
Tax Incremental District No. 1	\$ 2,599,063

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 2024 and 2025 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 2024 budget was 1.19%. The actual limit for the Village for the 2025 budget .54%. 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.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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 \$21,353,536 on December 31, 2024, as summarized below:

Petty Cash and Cash on Hand	\$ 1,548
Deposits with Financial Institutions	17,564,017
Investments:	
Wisconsin Local Government Investment Pool	3,787,971
Total	<u>\$ 21,353,536</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 8,624,100
Restricted Cash and Investments	9,395,511
Custodial Fund Statement of Net Position:	
Cash and Investments	3,333,925
Total	<u>\$ 21,353,536</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.

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$1,000,000 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, 2024, 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 \$3,787,971 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, 2024, 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.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Local Government Investment Pool (Continued)

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, 2024, the Wisconsin local government investment pool had a weighted average maturity of 9 days.

B. Restricted Assets

Restricted cash and investments of the governmental activities on December 31, 2024, totaled \$8,762,070. \$188,806 is being held as debt service reserve funds for the lease revenue bonds and \$8,573,264 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, 2024, totaled \$633,411 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 \$49,345 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, 2024, the Village received \$14,592 in lease revenue and \$16,768 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>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	20,640	14,483	35,123
2030 to 2034	129,029	63,446	192,475
2035 to 2039	170,763	44,809	215,572
2040 to 2044	220,997	20,444	241,441
2045	48,733	612	49,345
Total	<u>\$ 664,039</u>	<u>\$ 206,647</u>	<u>\$ 870,686</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,142,002	\$ -	\$ 18,980	\$ 2,123,022
Construction in Progress	-	213,253	-	213,253
Total Capital Assets, Not Being Depreciated	2,142,002	213,253	18,980	2,336,275
Capital Assets, Being Depreciated and Amortized:				
Land Improvements	569,524	-	-	569,524
Right-to-Use Lease Land Improvements	11,898	-	-	11,898
Parks	2,523,038	17,202	-	2,540,240
Buildings and Improvements	4,007,645	-	-	4,007,645
Machinery and Equipment	5,390,187	430,560	366,053	5,454,694
Right-to-Use Lease Machinery and Equipment	10,943	-	-	10,943
Infrastructure	17,414,444	130,655	6,553	17,538,546
Subtotal	29,927,679	578,417	372,606	30,133,490
Less Accumulated Depreciation and Amortization for:				
Land Improvements	237,346	22,781	-	260,127
Right-to-Use Lease Land Improvements	5,950	2,975	-	8,925
Parks	768,410	72,107	-	840,517
Buildings and Improvements	2,018,803	101,867	-	2,120,670
Machinery and Equipment	2,543,739	415,171	366,053	2,592,857
Right-to-Use Lease Machinery and Equipment	5,588	2,794	-	8,382
Infrastructure	7,314,498	492,781	2,116	7,805,163
Subtotal	12,894,334	1,110,476	368,169	13,636,641
Total Capital Assets Being Depreciated and Amortized, Net	17,033,345	(532,059)	4,437	16,496,849
Governmental Activities Capital Assets, Net	<u>\$ 19,175,347</u>	<u>\$ (318,806)</u>	<u>\$ 23,417</u>	18,833,124
Less: Capital Related Debt, Net of Unspent Proceeds and Related Debt Premium				4,968,596
Less: Capital Related Accounts Payable				<u>34,915</u>
Net Investment in Capital Assets				<u>\$ 13,829,613</u>

(1) The beginning balance was restated due to finding an asset that was improperly capitalized in a prior year. See Note 4.E.

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 170,009	\$ -	\$ -	\$ 170,009
Construction in Progress	1,738,345	1,366,749	-	3,105,094
Total Capital Assets Not Being Depreciated	1,908,354	1,366,749	-	3,275,103
Capital Assets, Being Depreciated and Amortized:				
Buildings and Improvements	625,497	-	-	625,497
Machinery and Equipment	2,877,817	226,942	29,600	3,075,159
Infrastructure	22,866,846	-	-	22,866,846
Subtotal	26,370,160	226,942	29,600	26,567,502
Less: Accumulated Depreciation and Amortization for:				
Buildings and Improvements	178,057	18,316	-	196,373
Machinery and Equipment	1,880,892	146,193	29,600	1,997,485
Infrastructure	6,271,294	300,088	-	6,571,382
Subtotal	8,330,243	464,597	29,600	8,765,240
Total Capital Assets Being Depreciated and Amortized, Net	18,039,917	(237,655)	-	17,802,262
Business-Type Activities Capital Assets, Net	<u>\$ 19,948,271</u>	<u>\$ 1,129,094</u>	<u>\$ -</u>	21,077,365
Less: Capital Related Debt				2,282,473
Less: Capital Related Accounts Payable				732,683
Net Investment in Capital Assets				<u>\$ 18,062,209</u>

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

Governmental Activities:	
General Government	\$ 90,201
Public Safety	271,308
Public Works	671,493
Culture and Recreation	57,429
Conservation and Development	20,045
Total Depreciation And Amortization Expense - Governmental Activities	<u>\$ 1,110,476</u>
Business-Type Activities:	
Water Utility	\$ 254,463
Sewer Utility	210,134
Total Depreciation And Amortization Expense - Business-Type Activities	<u>\$ 464,597</u>

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Advances to Other Funds:		
Governmental Funds:		
General Fund	\$ 2,659,669	\$ -
Capital Projects Funds:		
TID #1	-	2,659,669
Total	<u>\$ 2,659,669</u>	<u>\$ 2,659,669</u>

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

Interfund transfers for the year ended December 31, 2024, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 46,612	\$ 61,933
Municipal Court	34,538	133
Capital Project	-	45,000
Equipment Replacement	27,395	-
Water Utility	-	739
Sewer Utility	-	740
Total	<u>108,545</u>	<u>108,545</u>
Less: Government-Wide Eliminations	(107,066)	(107,066)
Less: Contributions from TID #2		
for Sewer Utility Capital Assets	(64,911)	(64,911)
Transfers per Statement of Activities	<u>\$ (63,432)</u>	<u>\$ (63,432)</u>

Interfund transfers were made for the following purposes:

To Cover Municipal Court Expenditures Not Covered by Fines	\$ 34,538
Finance Purchase of Capital Assets	72,395
Postage Machine Lease Payment Reimbursements	1,612
Total	<u>\$ 108,545</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 5,195,000	\$ -	\$ 770,000	\$ 4,425,000	\$ 795,000
Notes	785,000	7,855,000	150,000	8,490,000	845,000
Notes from Direct Borrowings	732,208	-	61,179	671,029	63,589
Total General Obligation Debt	6,712,208	7,855,000	981,179	13,586,029	1,703,589
Redevelopment Revenue					
Bonds	1,810,000	-	120,000	1,690,000	120,000
Debt Premium	470,470	382,896	128,005	725,361	-
Financed Purchases Payable	183,553	-	23,979	159,574	24,696
Leases Payable	12,805	-	5,209	7,596	5,096
Compensated Absences*	267,998	97,188	-	365,186	6,974
Governmental Activities Long-Term Obligations	<u>\$ 9,457,034</u>	<u>\$ 8,335,084</u>	<u>\$ 1,258,372</u>	<u>\$ 16,533,746</u>	<u>\$ 1,860,355</u>
Business-Type Activities:					
Bonds from Direct Borrowings					
Revenue Bonds	\$ -	\$ 2,282,473	\$ -	\$ 2,282,473	\$ 98,575
Compensated Absences*	-	29,970	-	29,970	-
Business-Type Activities Long-Term Obligations	<u>\$ -</u>	<u>\$ 2,312,443</u>	<u>\$ -</u>	<u>\$ 2,312,443</u>	<u>\$ 98,575</u>

* The change in the compensated absences is presented as a net change.

Total interest paid during the year on long-term debt totaled \$295,689.

The Village's outstanding notes from direct borrowings related to governmental activities of \$671,029 contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

The Village's outstanding notes from direct borrowings related to business type activities of \$2,282,473 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
General Obligation Notes	12/17/2018	3/1/2028	3.00 %	\$ 1,290,000	\$ 635,000
General Obligation Refunding Bonds	2/3/2021	4/1/2034	4.00	4,685,000	3,110,000
General Obligation Refunding Bonds	2/3/2021	4/1/2030	2.00	1,870,000	1,315,000
General Obligation Promissory Note	1/24/2023	1/25/2033	3.94	732,208	671,029
General Obligation Promissory Note	10/30/2024	4/1/2033	4.00-5.00	7,855,000	7,855,000
Total Outstanding General Obligation Debt					<u>\$ 13,586,029</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$13,586,029 on December 31, 2024, are detailed below:

Year Ending December 31,	Governmental Activities					
	Bonds and Notes		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,640,000	\$ 461,618	\$ 63,589	\$ 26,439	\$ 1,703,589	\$ 488,057
2026	1,675,000	421,375	66,095	23,933	1,741,095	445,308
2027	1,710,000	351,150	68,699	21,329	1,778,699	372,479
2028	1,760,000	280,925	71,405	18,622	1,831,405	299,547
2029	1,625,000	211,200	74,219	15,809	1,699,219	227,009
2030-2033	4,505,000	333,500	327,022	32,818	4,832,022	366,318
Total	<u>\$ 12,915,000</u>	<u>\$ 2,059,768</u>	<u>\$ 671,029</u>	<u>\$ 138,950</u>	<u>\$ 13,586,029</u>	<u>\$ 2,198,718</u>

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, 2024, was \$34,640,601 as follows:

Equalized Value per Wisconsin Department of Revenue	\$ 964,532,600
Debt Limitation Percentage (5% Municipality)	5.00%
Total Allowable GO Debt	48,226,630
Less: Current GO Debt	13,586,029
Debt Margin	<u>\$ 34,640,601</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2024, totaled \$3,972,473 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
Redevelopment Lease					
Revenue Bonds	3/1/2016	4/1/2036	0.006% to 3.20%	\$ 2,595,000	\$ 1,690,000
SDWL Revenue Bonds	1/24/2024	5/1/2043	2.15%	Up to \$3,385,000	2,282,473
Total Outstanding Revenue Bonds					<u>\$ 3,972,473</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$3,972,473 on December 31, 2024, are detailed below:

Year Ending December 31,	Governmental Activities		Business-Type Activities			
	Bonds		Bonds from Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 120,000	\$ 46,218	\$ 98,575	\$ 47,739	\$ 218,575	\$ 93,957
2026	125,000	43,490	100,690	45,765	225,690	89,255
2027	125,000	40,521	102,849	43,582	227,849	84,103
2028	130,000	37,333	105,056	41,352	235,056	78,685
2029	135,000	33,853	107,309	39,074	242,309	72,927
2030-2034	730,000	108,160	572,075	159,461	1,302,075	267,621
2035-2039	325,000	10,440	636,119	94,729	961,119	105,169
2040-2043	-	-	559,800	24,334	559,800	24,334
Total	<u>\$ 1,690,000</u>	<u>\$ 320,015</u>	<u>\$ 2,282,473</u>	<u>\$ 496,036</u>	<u>\$ 3,972,473</u>	<u>\$ 816,051</u>

The 3/1/2016 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.

The Village has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the system. The bonds are payable solely from water customer net revenues and are payable through 2043. The total principal and interest remaining to be paid on the bonds is \$2,778,509. Principal and interest paid for the current year was \$26,407, and the total customer net revenues available for debt services were \$391,905

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$151,127 as of December 31, 2024. Annual principal and interest maturities of the outstanding financing as of December 31, 2024, are detailed below:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 24,696	\$ 4,789	\$ 29,485
2026	25,434	4,050	29,484
2027	109,444	3,354	112,798
Total	<u>\$ 159,574</u>	<u>\$ 12,193</u>	<u>\$ 171,767</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 2025 to 2026.

Postage Machine Lease – Monthly installments of \$244 including interest at 2.50%, due dates through 2025.

The future principal and interest payments for these agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 5,096	\$ 89	\$ 5,185
2026	2,500	-	2,500
Total	<u>\$ 7,596</u>	<u>\$ 89</u>	<u>\$ 7,685</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, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. Plan Description

The Wisconsin Retirement System (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.

2. Vesting

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.

3. Benefits Provided

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.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Benefits Provided (Continued)

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.

4. 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>
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
2023	1.6	(21.0)

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. 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, 2024, the WRS recognized \$211,450 in contributions from the Village.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.90 %	6.90 %
Protective With Social Security	6.90	14.30
Protective Without Social Security	6.80	19.10

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

At December 31, 2024, the Village reported a liability of \$182,356 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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, 2023, the Village's proportion was 0.01226504%, which was an increase of 0.00139185% from its proportion measured as of December 31, 2022.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

For the year ended December 31, 2024, the Village recognized pension expense of \$126,819.

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 735,263	\$ 973,859
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	635,485	-
Changes in Assumptions	79,484	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,416	395
Employer Contributions Subsequent to the Measurement Date	211,450	-
Total	<u>\$ 1,664,098</u>	<u>\$ 974,254</u>

\$211,450 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, 2025. 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>
2025	\$ 98,133
2026	102,902
2027	399,430
2028	(122,071)
Total	<u>\$ 478,394</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

7. Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2022
Measurement Date of Net Pension Liability (Asset)	December 31, 2023
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.8%
Discount Rate	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% to 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023, is based upon a roll-forward of the liability calculated from the December 31, 2022, 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.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

7. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets (Continued)

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	40.0 %	7.3 %	4.5 %
Public Fixed Income	27.0	5.8	3.0
Inflation Sensitive	19.0	4.4	1.7
Real Estate	8.0	5.8	3.0
Private Equity/Debt	18.0	9.6	6.7
Leverage	(12.0)	3.7	1.0
Total Core Fund	<u>100.0 %</u>	7.4	4.6
Variable Fund Asset:			
U.S. Equities	70.0 %	6.8	4.0
International Equities	30.0	7.6	4.8
Total Variable Fund	<u>100.0 %</u>	7.3	4.5

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.7%

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. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

7. 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 discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (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, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,762,571</u>	<u>\$ 182,356</u>	<u>\$ (923,385)</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, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

8. Payables to the Pension Plan

At December 31, 2024, the Village reported a payable of \$57,298 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2024.

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, 2024, nonspendable fund balance was as follows:

	<u>General</u>
General Fund:	
Nonspendable:	
Inventories and Prepaid Items	\$ 132,238
Advance to TIF #1	<u>2,659,669</u>
Total Nonspendable Fund Balance	<u><u>\$ 2,791,907</u></u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, restricted fund balance was as follows:

Special Revenue Funds:

Restricted for:

Fire Dues Expenditures	\$ 81,989
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Debt Service Fund:

Restricted for:

Payment of Long-Term Debt Obligations	128,654
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Capital Projects Funds:

Restricted for:

General Capital Projects (unspent proceeds)	1,465,000
TID #1 Debt	188,806
TID #2	7,804,530
TID #3	132,760
TID #4	88,214

Total Capital Projects Funds Restricted	
Fund Balance	<u>9,679,310</u>

Total Restricted Fund Balance	<u>\$ 9,889,953</u>
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Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2024, General Fund balance was committed as follows:

Special Revenue Funds:

Committed for:

Fire Department Donations Expenditures	\$ 22,402
Park Projects	<u>74,857</u>
Total Committed Fund Balance	<u>\$ 97,259</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, fund balance was assigned as follows:

Capital Projects Funds:

Assigned for

Capital Improvements:	\$ 464,106
Equipment Replacement	<u>297,039</u>
Total Assigned Fund Balance	<u><u>\$ 761,145</u></u>

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 2024 General Fund Expenditures	\$ 5,668,112
Minimum Fund Balance Percentage	<u>(x) 15%</u>
Minimum Fund Balance Amount	<u><u>\$ 850,217</u></u>

The Village's unassigned General Fund balance of \$931,891 is above the minimum fund balance amount.

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

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

VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts (Continued)

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, 2024, the Village can recover \$5,373,557 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 5,894,064
TID #2	(1,414,532)
TID #3	(132,762)
TID #4	1,026,787
Total	<u>\$ 5,373,557</u>

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.

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.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Subsequent Event

On February 23, 2026, the Village Board approved the termination of TID #3. Final payouts of excess increment to the overlying taxing jurisdictions will occur later in 2026 or early 2027.

E. Restatements

Change in Fund Presentation from Major to Nonmajor

The Equipment Replacement Capital Projects Fund previously met the criteria to be reported as a major governmental fund. However, effective January 1, 2024, the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ended December 31, 2024. The effect of that change to or within the financial reporting entity is shown in the table below.

Correction of an Error in Previously Issued Financial Statements

During the audit for the fiscal year ended December 31, 2024, the Village identified an error in its governmental activities capital asset records related to a land improvement asset recorded in a prior year at a cost of \$540,705 and for which no depreciation had been recorded. Management determined the asset should not have been capitalized. A prior period adjustment was recorded to remove the asset from the financial statements, resulting in a decrease to beginning net position of governmental activities of \$540,705. The effect of correcting that error is shown in the table below.

	December 31, 2023 As Previously Reported	Change to or Within the Financial Reporting Entity	Error Correction	December 31, 2023 As Adjusted or Restated
Government-Wide:				
Governmental Activities	\$ 13,911,026	\$ -	\$ (540,705)	\$ 13,370,321
Business-Type Activities	22,282,991	-	-	22,282,991
Total Primary Government	<u>\$ 36,194,017</u>	<u>\$ -</u>	<u>\$ (540,705)</u>	<u>\$ 35,653,312</u>
Governmental Funds:				
Major Funds:				
General Fund	\$ 3,426,215	\$ -	\$ -	\$ 3,426,215
Debt Service	595,895	-	-	595,895
TID #1	(2,503,721)	-	-	(2,503,721)
TID #2	509,567	-	-	509,567
Equipment Replacement	295,100	(295,100)	-	-
Nonmajor Funds	912,754	295,100	-	1,207,854
Total Governmental Funds	<u>\$ 3,235,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235,810</u>
Proprietary Funds:				
Major Funds				
Water Utility	\$ 11,711,888	\$ -	\$ -	\$ 11,711,888
Sewer Utility	10,571,103	-	-	10,571,103
Total Proprietary Funds	<u>\$ 22,282,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,282,991</u>

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
12/31/2023	0.01226504	182,356	1,937,165	9.41	98.85

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	-	1,464,768	8.82
12/31/2022	126,295	126,295	-	1,449,283	8.71
12/31/2023	201,275	201,275	-	1,937,165	10.39
12/31/2024	211,450	211,450	-	2,037,993	10.38

See accompanying Note to Required Supplementary Information.

**VILLAGE OF KRONENWETTER, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

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.

SUPPLEMENTARY INFORMATION

VILLAGE OF KRONENWETTER, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Taxes:				
General Property	\$ 1,655,461	\$ 1,655,461	\$ 1,655,461	\$ -
Mobile Home Taxes	4,735	4,735	6,485	1,750
Forest Crop	31,000	31,000	29,258	(1,742)
Total Taxes	1,691,196	1,691,196	1,691,204	8
Intergovernmental:				
State:				
State Shared Taxes	1,962,870	1,962,870	2,172,775	209,905
Tax-Exempt Computer Aid	404	404	404	-
Transportation	352,331	352,331	329,779	(22,552)
Forest Crop and Severance Tax	3,800	3,800	3,828	28
Recycling Grant	28,500	28,500	28,817	317
Environmental Impact	34,627	34,627	34,627	-
Other Intergovernmental	35,000	35,000	9,542	(25,458)
Fire Department Grants	-	-	8,022	8,022
County:				
Bridge Aid	4,000	4,000	2,000	(2,000)
Timber Sales	11,500	11,500	6,962	(4,538)
Total Intergovernmental	2,433,032	2,433,032	2,596,756	163,724
Licenses, Permits, and Other:				
Licenses:				
Occupational License	3,600	3,600	3,800	200
Dog License	2,350	2,350	177	(2,173)
Cable Franchise Fees	71,000	71,000	72,009	1,009
Permits:				
Building Permits	65,000	65,000	29,305	(35,695)
Excavating/Mining Permits	500	500	3,100	2,600
Plat Reviews	2,500	2,500	3,918	1,418
Other:				
Other Licenses/Permits	2,750	2,750	5,853	3,103
Other Regulatory Fees	1,000	1,000	2,300	1,300
Total Licenses, Permits, and Other	148,700	148,700	120,462	(28,238)
Fines and Forfeitures:				
Court Fines and Penalties	34,000	34,000	37,275	3,275
Public Charges for Services:				
Public Record/Special Assessment Searches	3,200	3,200	4,620	1,420
Fire Department	2,500	2,500	-	(2,500)
Streets	7,500	7,500	1,350	(6,150)
Public Safety	100	100	196	96
Garbage/Refuse/Recycling	514,500	514,500	528,569	14,069
Total Public Charges for Services	527,800	527,800	534,735	6,935
Intergovernmental Charges for Services:				
Crossing Guard	2,500	2,500	2,942	442
Fire Protection	5,100	5,100	5,100	-
Total Intergovernmental Charges for Services	7,600	7,600	8,042	442
Miscellaneous:				
Interest	120,000	120,000	157,369	37,369
Rent of Village Property	10,600	10,600	13,929	3,329
Sale of Materials and Supplies	1,600	1,600	4,104	2,504
Insurance Claims and Refunds	2,500	2,500	29,656	27,156
Private Donations	4,500	4,500	2,006	(2,494)
Miscellaneous	11,000	11,000	539	(10,461)
Total Miscellaneous	150,200	150,200	207,603	57,403
Total Revenues	\$ 4,992,528	\$ 4,992,528	\$ 5,196,077	\$ 203,549

VILLAGE OF KRONENWETTER, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
General Government:				
Village Board	\$ 37,525	\$ 37,525	\$ 29,271	\$ 8,254
Legal	15,000	130,000	126,640	3,360
Municipal Court	15,000	15,000	18,765	(3,765)
Office	137,850	137,850	153,907	(16,057)
Administrator	122,782	122,782	60,046	62,736
Deputy Clerk-Treasurer	8,909	8,909	7,711	1,198
Clerk	99,992	99,392	93,284	6,108
Administrative Assistant/Account Clerk	158,059	158,659	144,174	14,485
Elections	48,530	48,530	46,525	2,005
Treasurer	67,254	67,254	54,103	13,151
Assessor	17,450	17,450	18,364	(914)
Municipal Building	330,662	330,662	183,590	147,072
Other General Government	72,217	87,092	73,829	13,263
Total General Government	1,131,230	1,261,105	1,010,209	250,896
Public Safety:				
Police and Fire Commissioner	7,652	7,652	6,254	1,398
Police Department	1,448,575	1,448,575	1,361,648	86,927
Police Clerk	82,149	82,149	56,641	25,508
Crossing Guards	5,232	5,232	5,450	(218)
Fire Department	304,687	304,687	280,388	24,299
First Responders	51,994	51,994	50,137	1,857
Ambulance	87,000	87,000	76,326	10,674
Building Inspector	27,350	27,350	19,248	8,102
Total Public Safety	2,014,639	2,014,639	1,856,092	158,547
Public Works:				
Engineering	25,000	25,000	5,559	19,441
Public Works Director	65,435	65,435	37,162	28,273
Road and Street Maintenance	1,347,245	1,329,850	1,164,658	165,192
Shop and Garage	40,500	40,500	28,964	11,536
Street Lighting	55,300	55,300	53,810	1,490
Storm Sewers	2,500	2,500	2,500	-
Solid Waste/Recycle Collection	532,000	532,000	452,630	79,370
Total Public Works	2,067,980	2,050,585	1,745,283	305,302
Health and Human Services:				
Animal and Insect Control	5,000	5,000	-	5,000
Culture and Recreation:				
Parks	123,765	123,765	108,609	15,156
Conservation and Development:				
Community Development/Zoning	203,618	203,618	151,316	52,302
Debt Service:				
Principal Retirement	-	-	29,188	(29,188)
Interest and Fiscal Charges	-	-	5,727	(5,727)
Total Debt Service	-	-	34,915	(34,915)
Capital Outlay:				
Police	7,900	7,900	6,606	1,294
Fire Department	1,500	1,500	1,485	15
Total Capital Outlay	9,400	9,400	8,091	1,309
Total Expenditures	\$ 5,555,632	\$ 5,668,112	\$ 4,914,515	\$ 753,597

**VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Special Revenue			
	Fire Dept. Donations	Fire Dues	Park	Municipal Court
ASSETS				
Cash and Investments	\$ 25,465	\$ 81,989	\$ 74,857	\$ 2,184
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes and Special Charges	-	-	-	-
Accounts, Net	-	-	-	27,616
Total Assets	<u>\$ 25,465</u>	<u>\$ 81,989</u>	<u>\$ 74,857</u>	<u>\$ 29,800</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,063	\$ -	\$ -	\$ 690
Accrued and Other Current Liabilities	-	-	-	1,494
Total Liabilities	<u>3,063</u>	<u>-</u>	<u>-</u>	<u>2,184</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	-	-	-	-
Fines Receivable	-	-	-	27,616
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,616</u>
FUND BALANCES				
Restricted	-	81,989	-	-
Committed	22,402	-	74,857	-
Assigned	-	-	-	-
Total Fund Balances	<u>22,402</u>	<u>81,989</u>	<u>74,857</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,465</u>	<u>\$ 81,989</u>	<u>\$ 74,857</u>	<u>\$ 29,800</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Capital Projects				
	TID #3	TID #4	Capital Projects	Equipment Replacement	Total
ASSETS					
Cash and Investments	\$ -	\$ -	\$ 1,934,642	\$ 297,039	\$ 2,416,176
Restricted Cash and Investments	150,246	154,140	-	-	304,386
Receivables:					
Taxes and Special Charges	18,198	68,683	-	-	86,881
Accounts, Net	-	-	-	-	27,616
Total Assets	<u>\$ 168,444</u>	<u>\$ 222,823</u>	<u>\$ 1,934,642</u>	<u>\$ 297,039</u>	<u>\$ 2,835,059</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 5,536	\$ -	\$ 9,289
Accrued and Other Current Liabilities	24	24	-	-	1,542
Total Liabilities	24	24	5,536	-	10,831
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	35,660	134,585	-	-	170,245
Fines Receivable	-	-	-	-	27,616
Total Deferred Inflows of Resources	35,660	134,585	-	-	197,861
FUND BALANCES					
Restricted	132,760	88,214	1,465,000	-	1,767,963
Committed	-	-	-	-	97,259
Assigned	-	-	464,106	297,039	761,145
Total Fund Balances	<u>132,760</u>	<u>88,214</u>	<u>1,929,106</u>	<u>297,039</u>	<u>2,626,367</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 168,444</u>	<u>\$ 222,823</u>	<u>\$ 1,934,642</u>	<u>\$ 297,039</u>	<u>\$ 2,835,059</u>

**VILLAGE OF KRONENWETTER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue			
	Fire Dept. Donations	Fire Dues	Park	Municipal Court
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	36,655	-	-
Fines and Forfeitures	-	-	-	22,251
Intergovernmental Charges for Services	-	1,505	-	-
Miscellaneous	15,786	1,910	3,699	-
Total Revenues	15,786	40,070	3,699	22,251
EXPENDITURES				
Current:				
General Government	-	-	-	56,656
Public Safety	13,097	23,774	-	-
Conservation and Development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	13,097	23,774	-	56,656
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,689	16,296	3,699	(34,405)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	-
Transfers In	-	-	-	34,538
Transfers Out	-	-	-	(133)
Total Other Financing Sources (Uses)	-	-	-	34,405
NET CHANGE IN FUND BALANCE	2,689	16,296	3,699	-
Fund Balance - January 1 as Originally Reported	19,713	65,693	71,158	-
Change Within Financial Reporting Entity - Change from Major to Nonmajor	-	-	-	-
Fund Balance - January 1, as Adjusted	19,713	65,693	71,158	-
FUND BALANCE - DECEMBER 31	<u>\$ 22,402</u>	<u>\$ 81,989</u>	<u>\$ 74,857</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, 2024**

	Capital Projects				
	TID #3	TID #4	Capital Projects	Equipment Replacement	Total
REVENUES					
Taxes	\$ 34,131	\$ 129,409	\$ 200,000	\$ 428,500	\$ 792,040
Intergovernmental	534	1,037	-	-	38,226
Fines and Forfeitures	-	-	-	-	22,251
Intergovernmental Charges for Services	-	-	-	-	1,505
Miscellaneous	3,103	29,879	27,377	3,536	85,290
Total Revenues	37,768	160,325	227,377	432,036	939,312
EXPENDITURES					
Current:					
General Government	-	-	-	-	56,656
Public Safety	-	-	-	-	36,871
Conservation and Development	3,719	3,717	-	-	7,436
Debt Service:					
Principal	-	165,000	-	-	165,000
Interest and Fiscal Charges	-	36,200	5,000	-	41,200
Capital Outlay	-	-	237,944	457,492	695,436
Total Expenditures	3,719	204,917	242,944	457,492	1,002,599
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,049	(44,592)	(15,567)	(25,456)	(63,287)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	1,465,000	-	1,465,000
Transfers In	-	-	-	27,395	61,933
Transfers Out	-	-	(45,000)	-	(45,133)
Total Other Financing Sources (Uses)	-	-	1,420,000	27,395	1,481,800
NET CHANGE IN FUND BALANCE	34,049	(44,592)	1,404,433	1,939	1,418,513
Fund Balance - January 1 as Originally Reported	98,711	132,806	524,673	-	912,754
Change Within Financial Reporting Entity - Change from Major to Nonmajor	-	-	-	295,100	295,100
Fund Balance - January 1, as Adjusted	98,711	132,806	524,673	295,100	1,207,854
FUND BALANCE - DECEMBER 31	<u>\$ 132,760</u>	<u>\$ 88,214</u>	<u>\$ 1,929,106</u>	<u>\$ 297,039</u>	<u>\$ 2,626,367</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, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 8, 2026.

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 deficiencies described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 to be material weaknesses.

Village Board
Village of Kronenwetter, Wisconsin

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 deficiency described in the accompanying schedule of findings and responses as item 2024-006 to be a significant deficiency.

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
May 8, 2026

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting

2024-001 Segregation of Duties

Type of Finding: Material Weakness 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 2023-001.

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. We also recommend that the Village consider completing a risk assessment that focuses on identifying gaps between current staffing capacity, capabilities, and organizational needs and evaluate the sustainability and resilience of staffing models under normal operations and periods of increased demand, turnover, or change.

Views of Responsible Officials and Planned Corrective Action: The Village will complete a risk assessment in fiscal year 2026 to focus on identifying any gaps between current staffing capacity, capabilities, and organizational needs during normal operations, and in periods of increased demand, turnover, or change. Continual cross-training exercises will be conducted among staff so that multiple employees could be functional in various components of the financial operations of the Village, in the absence of any one employee on any given day.

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-002 Preparation of Annual Financial Report

Type of Finding: Material Weakness 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. As stated in the audit opinion, the 2024 financial statements present a prior period adjustment in the amount of \$540,705 related to governmental activities capital assets and net position.

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, or 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. The Village is responsible for reviewing and approving the financial statements prior to issuance. As stated above, a material prior period adjustment was discovered in 2024. Controls and procedures were insufficient to identify the material misstatement in a timely manner.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2023-002.

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 compared to the Village's accounting system and other internal data 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: The Village acknowledges that prior staff hired and employed during the 2023-2024 period did not have the necessary governmental accounting experience and background to adequately understand the complete Village's annual financial report or the application of specific accounting principles required by municipalities.

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-002 Preparation of Annual Financial Report (continued)

Views of Responsible Officials and Planned Corrective Action (continued):

In January 2025, the Village hired a new Finance Director/Treasurer with 38 years of experience in municipal governmental accounting and auditing. It is expected that this newly hired employee has a thorough understanding of GAAP (generally accepted accounting principles) as is applied to U.S. state and local governments under GASB (Governmental Accounting Standards Board). While this employee will not have the allowable time commitment available to prepare the annual financial report in-house, he will have the knowledge and experience to review the annual financial report, and be able to guide his team in following accounting principles and note disclosures as required. A similar material prior period adjustment would not be expected to reoccur again in future years after the event took place in the 2024 financial statements.

2024-003 – Bank Account Reconciliations

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Village performed monthly bank account reconciliations throughout the year until the finance director position became vacant in November 2024. However, those reconciliations contained unreconciled differences with the amount of the unreconciled differences changing each month. The unreconciled differences remained unresolved for extended periods and were not adequately investigated or corrected. Certain reconciling items lacked sufficient supporting documentation, and aging reconciling items were not consistently reviewed for appropriateness. Once a new finance director was hired, the Village reperformed the monthly reconciliations that were previously completed and also reconciled the last three months of 2024 but did not finish the December 2024 reconciliation until February 2026.

Criteria or Specific Requirement: An effective system of internal control requires that bank reconciliations be prepared accurately, reviewed by an independent individual, and completed timely, with reconciling items investigated and resolved promptly. These controls are a key component of the financial close process and are necessary to ensure cash balances are accurate, complete, and free from material misstatement.

Effect: Because bank reconciliations were not prepared timely and reconciling variances were not adequately investigated or resolved, there is an increased risk that errors or irregularities related to cash transactions could occur and not be detected in a timely manner. Cash is a significant account, and ineffective controls over bank reconciliations increase the risk of material misstatement in the financial statements. Furthermore, without a clear and accurate understanding of the Village's financial resources due to late adjustments to financial data provided to governance, decisions may be made that do not align with the Village's true fiscal situation.

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-003 – Bank Account Reconciliations (continued)

Cause: The deficiencies appear to be caused by a combination of: 1) Insufficient understanding of the accounting software and how payroll autopayments and other transactions flowed through the accounting software, which contributed to errors, incomplete reconciliations, and delays in identifying and resolving differences between bank statements and the general ledger, 2) Inadequate supervisory review, including monitoring the timeliness of reconciliations and follow-up on unresolved reconciling items, and 3) The Village experienced significant staff turnover in various administrative and financial positions.

Repeat Finding: No

Recommendation: We recommend Village management establish and document formal procedures for preparing, reviewing, and approving bank reconciliations, including setting expectations that reconciliations are completed soon after month end, requirements for investigating and resolving reconciling items. We also recommend the Village look into training and support on the accounting software, focusing on how various transactions are recorded and how reports used in the reconciliation process are generated. We also recommend the Village implement a documented independent review process to verify the accuracy, completeness, and timeliness of reconciliations and to ensure aged reconciling items are appropriately addressed.

Views of Responsible Officials and Planned Corrective Action: When the new Finance Director/Treasurer was hired in late January 2025, he discovered a number of unreconciled differences in previously completed bank reconciliations between January 2024 – September 2024. He spent considerable months in investigating the mismatch between the timing and amounts of transactions in the accounting records as compared to the monthly bank statements. Many reoccurring problems had surfaced especially in the posting of employee fringe benefits into the accounting records. By the time that the December 2024 and January 2025 bank reconciliations were completed, all of the anomalies were identified and corrected in the Village's accounting records, without any unreconciling differences any longer.

Therefore, as the 2025 and 2026 monthly bank reconciliations are completed, an accurate and completely documented review between the Village's accounting records and bank statements will occur. The timeliness of the monthly bank reconciliations will also improve, so that the expectation is for the monthly bank reconciliations to be completed within 15 days of month-end, without any unreconciled differences in the future. After the Finance Director/Treasurer has completed each monthly bank reconciliation, the Village Administrator can be responsible for reviewing and approving each monthly bank reconciliation.

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-004 – Journal Entry Approval and Documentation

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our review of a sample of journal entries posted throughout the year, we observed that journal entries did not include evidence of appropriate review and approval by an individual other than the preparer. In addition, supporting documentation for certain journal entries related to cash accounts was missing or insufficient to clearly substantiate the nature, purpose, and accuracy of the transactions recorded. It did not appear that the Village had a central location for storing all journal entry documentation.

Criteria or Specific Requirement: Journal entries serve as essential tools for recording transactions and correcting errors. Sound internal control practices require that all journal entries be properly supported with adequate documentation and reviewed and approved by an individual independent of the preparer. Proper documentation should clearly explain the purpose of the entry, provide sufficient detail to support the amounts recorded, and demonstrate evidence of review to ensure accuracy, validity, and compliance with applicable accounting policies and procedures.

Effect: Without documented review and adequate support, there is an increased risk that journal entries may be recorded inaccurately, without appropriate authorization, or in a manner that could result in errors or misstatements in the financial statements. Additionally, the lack of documentation reduces transparency and limits the ability to perform effective oversight or subsequent review.

Cause: The Village has a limited number of personnel to perform the financial recordkeeping duties. In addition, the Village experienced turnover during the year. There also appears to be a lack of standardized requirements for documenting support and approval of journal entries.

Repeat Finding: No

Recommendation: We recommend the Village implement a procedure requiring the review and approval of all individual journal entries by an individual other than the preparer. In addition, the Village should require sufficient supporting documentation for each journal entry that clearly explains the purpose and basis for the entry and ensure documentation includes evidence of independent review and approval prior to posting.

Views of Responsible Officials: The Village has created a centralized folder for all journal entries to be filed in the Finance Director/Treasurer's office for 2025. All journal entries will have supporting documentation attached to them beginning in 2025. If any Village employees prepare journal entries (other than the Finance Director/Treasurer), then the Finance Director/Treasurer will review those journal entries for accuracy and approve them. When the Finance Director/Treasurer is preparing any journal entries, the Village Administrator or his designee will be responsible for approving those journal entries on a monthly basis.

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-005 – Other Account Reconciliations

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Village did not reconcile various balance sheet accounts on a routine basis. These accounts include receivables, accounts payable, and payroll withholding accounts.

Criteria or Specific Requirement: Timely reconciliations help ensure the accuracy, completeness, and validity of account balances and provide a key detective control over errors or irregularities..

Effect: Without regular reconciliations of all balance sheet accounts, errors, misstatements, or unsupported balances may not be identified or corrected on a timely basis. This increases the risk that the financial statements may contain material misstatements and places greater reliance on year-end audit procedures to detect and resolve discrepancies.

Cause: The Village had staffing shortages caused by turnover.

Repeat Finding: No

Recommendation: We recommend that management establish and document formal policies and procedures requiring periodic reconciliations for all significant balance sheet accounts. Reconciliations should:

- Be prepared at least quarterly (and more frequently for higher-risk accounts),
- Be supported by appropriate documentation, and
- Be reviewed and approved by an individual independent of the preparer.

Views of Responsible Officials and Planned Corrective Action: For 2024, the previous Finance Director/Treasurer did not reconcile various balance sheet accounts on a routine basis, other than the checking account. However, with the hiring of the new Finance Director/Treasurer in January 2025, periodic reviews of the balance sheet general ledger accounts did occur, and a number of reconciliations were initialized, including in the accounts payable and payroll fringe benefits/withholding accounts. Documentation for some of these account reconciliations were retained.

Then, beginning in 2026, the Finance Director/Treasurer will create a regular schedule for these account reconciliations, with some of them being conducted on a quarterly basis, while others will be completed more frequently. In addition, he plans to train the new Account Clerk in some of these monthly account reconciliations.

The Finance Director/Treasurer will review and approve any account reconciliations completed by other Village staff members. Any reconciliations that are completed by the Finance Director/Treasurer shall be assigned to the Village Administrator, or his designee, to review them for completeness, accuracy, and timeliness

**VILLAGE OF KRONENWETTER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Internal Control Over Financial Reporting (Continued)

2024-006 Adjustments to the Village's Financial Records

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries that were significant to the Village's financial statements.

Criteria or Specific Requirement: Significant 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 significant misstatements.

Cause: A final review of general ledger accounts and amounts prior to the audit did not identify some inaccurate balances which caused the significant adjustments.

Repeat Finding: This finding is a repeat finding. The prior year finding number was 2023-003.

Recommendation: We recommend the Village include a final review of all general ledger accounts during year-end closing procedures to help ensure balances are accurate and reasonable based on the Village's activities for the year. We also recommend the Village identify personnel to obtain additional training in order to prepare some of the year-end closing entries.

Views of Responsible Officials and Planned Corrective Action: For 2024, the present Finance Director/Treasurer had not been employed during any part of 2024 and completed as many of the year-end closing journal entries on his own with very minimal knowledge of the 2024 financial activities of the Village, before the financial auditors completed the remaining ones. Since the present Finance Director/Treasurer will have been employed during almost the full 2025 calendar year, he will be able to prepare the majority of the 2025 year-end journal entries in-house. He will be able to conduct a final review of all general ledger accounts during year-end closing procedures, to ensure balances are accurate and reasonable based on the Village's 2025 activities of the year. He will also conduct some training with the newly hired Account Clerk to assist in some of the year-end journal entries required, before the financial auditors receive the preliminary year-end trial balance.



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