

CITY OF KAUKAUNA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**CITY OF KAUKAUNA, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	17
STATEMENT OF ACTIVITIES	18
FUND FINANCIAL STATEMENTS	
BALANCE SHEET — GOVERNMENTAL FUNDS	19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	21
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND	23
STATEMENT OF NET POSITION — PROPRIETARY FUNDS	24
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — PROPRIETARY FUNDS	26
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS	27
STATEMENT OF NET POSITION — FIDUCIARY FUND	29
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUND	30
NOTES TO BASIC FINANCIAL STATEMENTS	31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) — WISCONSIN RETIREMENT SYSTEM	79
SCHEDULE OF CONTRIBUTIONS — WISCONSIN RETIREMENT SYSTEM	79
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS	80
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) — LOCAL RETIREE LIFE INSURANCE FUND	81

**CITY OF KAUKAUNA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

SCHEDULE OF CONTRIBUTIONS — LOCAL RETIREE LIFE INSURANCE FUND	81
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	82
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS	84
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS	88
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL — DEBT SERVICE FUND	92
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 <i>GOVERNMENT AUDITING STANDARDS</i>	94
SCHEDULE OF FINDINGS AND RESPONSES	96



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Kaukauna, Wisconsin

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaukauna, Wisconsin (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, and the 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.

We did not audit the financial statements of the Kaukauna Utilities Fund, which represents 82%, 78%, and 92% of the assets, net position, and revenues respectively, of the City of Kaukauna's business-type activities as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Kaukauna Utilities Fund of the City of Kaukauna, are based solely on the reports of other auditors.

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 City of Kaukauna, 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

As described in Note 4. F, the City recorded prior period adjustments to increase deferred inflows by \$1,980,000, which resulted in a decrease in fund balance in the governmental funds in the amount of \$1,980,000.

To the Honorable Mayor and City Council
City of Kaukauna, Wisconsin

Responsibility of Management for the Financial Statements

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

To the Honorable Mayor and City Council
City of Kaukauna, Wisconsin

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pension and OPEB as listed in the table of contents 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule 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 nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 20, 2022

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The management of the City of Kaukauna offers all readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the fiscal year ended December 31, 2021. You are encouraged to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$8,504,475 to \$144,501,060; net position of governmental activities increased \$5,077,573 to \$37,867,321 while business type activities net position increased \$3,426,902 to \$106,633,739.
- Total fund balance in governmental funds as of December 31, 2021 is \$16,198,512 Of this balance, \$89,755 is nonspendable, \$6,819,270 is restricted for debt service and donations, \$3,287,530 is committed for improvements, equipment and redevelopment, \$7,611,885 is assigned to subsequent years' budgets, and unassigned has a negative balance of \$889,928.
- General fund's total fund balance decreased \$281,734 or 5.40%. The fund balance decrease is due in part to a decrease in ambulance service revenue. There were also a few revenue lines that did not meet the budgeted amount. Staff was able to hold most expenditures close to the budgeted amounts during the year and many came in under the budgeted amount making up for some of the missed revenue.
- General fund revenues and operating transfers in for 2021 were under budget by \$282,154. Overall General fund expenditures and operating transfers out for 2021 were under budget by \$517,867 or 3.45% overall. Most expenditures were under budget primarily because of cost control measures in general government, public works, culture and recreation, and nondepartmental. Public safety and health, and human came in over budget.
- At the end of 2021, total fund balance for the general fund is \$4,936,230. The unassigned portion of fund balance \$4,436,475 decreased \$323,111 or 6.8%, and it is equal to 29.5% of 2021 budgeted general fund expenditures.
- The City's outstanding general obligation debt increased \$4,400,000 from \$44,715,000 to \$49,115,000 for the fiscal year ended December 31, 2021. The city borrowed more general obligated debt in 2021 than it retired. This was primarily due to the large Street construction capital project and new Streets, Parks, and Recreation Office remodel project.
- The City's outstanding revenue bonds decreased \$4,235,000 from \$82,550,000 to \$78,315,000 for the fiscal year ended December 31, 2021.
- Kaukauna Utility's net position increased \$2,260,704 or 2.78% in 2021 as compared to 2020. This increase is in large part due to some favorable nonoperating expenses in addition to an increase in operating revenue.
- Kaukauna Utility's cash and cash equivalents decreased \$1,683,162 in 2021. Most cash flow activities remained the same when compared to 2020. The decrease mentioned above is primarily from previously borrowed long term debt proceeds being spending on capital projects in 2021.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Government-Wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business. The government-wide statements are made up of the statement of net position and the statement of activities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This means, some revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from those functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities (those supported primarily by taxes and intergovernmental revenues) of the City include general government; public safety; public works; health and welfare; culture and recreation; conservation and development, and non-departmental. The business-type activities (those supported by user fees) are Kaukauna Utilities (electric and water utilities), Sanitary Sewer Utility and Storm Water Utility.

The government-wide financial statements can be found on pages 17 to 18 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for the same activities as governmental activities in the government-wide financial statements; however, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may help readers better understand the long-term impact of a government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained 34 individual governmental type funds during 2021. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance sheet for the general fund and debt service fund, which are considered major funds. Data from the remaining 32 governmental type funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the combining statements found later in this report.

The City adopts annual appropriation budgets for several funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 19 to 23 of this report.

Proprietary Funds - Enterprise funds are used to report the functions of the Kaukauna Utilities, storm water utility, and sanitary sewer utility are presented as business-type activities in the government-wide financial statements. Individual fund data for enterprise funds is provided later in this report.

The basic proprietary fund financial statements can be found on pages 24 to 28 of this report.

Notes To The Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 77 of this report.

Supplementary Information - The combining statements referring to non-major governmental funds is presented immediately following the required supplementary information. Required supplementary information and supplementary combining and individual fund statements and schedules can be found on pages 79 to 92 of this report.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed earlier, net position over time, serve as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceed liabilities and deferred inflows of resources for total net position of \$144,501,060 at year-end December 31, 2021.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 43,653,542	\$ 37,664,745	\$ 39,661,072	\$ 42,163,899	\$ 83,314,614	\$ 79,828,644
Capital Assets	80,160,194	75,416,067	159,320,729	157,376,314	239,480,923	232,792,381
Total Assets	<u>123,813,736</u>	<u>113,080,812</u>	<u>198,981,801</u>	<u>199,540,213</u>	<u>322,795,537</u>	<u>312,621,025</u>
DEFERRED OUTFLOWS OF RESOURCES						
Loss on Advance Refunding	-	-	663,636	1,327,272	663,636	1,327,272
Related to Pension	6,468,941	4,642,781	3,360,810	2,455,170	9,829,751	7,097,951
Related to OPEB	1,092,203	1,022,689	341,204	296,813	1,433,407	1,319,502
Total Deferred Outflows of Resources	<u>7,561,144</u>	<u>5,665,470</u>	<u>4,365,650</u>	<u>4,079,255</u>	<u>11,926,794</u>	<u>9,744,725</u>
LIABILITIES						
Noncurrent Liabilities	65,729,502	60,845,118	55,470,146	90,494,801	121,199,648	151,339,919
Other Liabilities	3,545,572	4,041,599	36,596,528	6,530,198	40,142,100	10,571,797
Total Liabilities	<u>69,275,074</u>	<u>64,886,717</u>	<u>92,066,674</u>	<u>97,024,999</u>	<u>161,341,748</u>	<u>161,911,716</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	14,897,735	14,237,664	-	-	14,897,735	14,237,664
Related to Pension	8,531,865	5,964,723	4,438,457	3,162,881	12,970,322	9,127,604
Related to OPEB	802,885	867,430	208,581	224,751	1,011,466	1,092,181
Total Deferred Inflows of Resources	<u>24,232,485</u>	<u>21,069,817</u>	<u>4,647,038</u>	<u>3,387,632</u>	<u>28,879,523</u>	<u>24,457,449</u>
NET POSITION						
Net Investment in Capital Assets	24,148,669	20,913,909	76,405,373	71,208,157	100,554,042	92,122,066
Restricted	10,490,737	8,837,183	9,407,443	8,294,258	19,898,180	17,131,441
Unrestricted	3,227,915	3,038,656	20,820,923	23,704,422	24,048,838	26,743,078
Total Net Position	<u>\$ 37,867,321</u>	<u>\$ 32,789,748</u>	<u>\$ 106,633,739</u>	<u>\$ 103,206,837</u>	<u>\$ 144,501,060</u>	<u>\$ 135,996,585</u>

Management's Analysis

By far the largest portion of the City's total net position, \$100,554,042 or 69.59%, is its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure), less any related outstanding indebtedness used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$19,898,180 or 13.77% represents resources that are subject to restrictions regarding their use. The remaining balance of unrestricted net position, \$24,048,838 or 16.64% may be used to meet the government's ongoing obligations to creditors and provide services to its citizens.

Business-type activities total net position increased by \$3,426,902 to \$106,633,739 in 2021, an increase of 3.32%, primarily due to favorable revenue and expense budget outcomes.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

At the end of the current fiscal year, the City can report growth in total net position for governmental activities, and positive balances in all categories of net position for governmental activities as well as for business-type activities.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues						
Charges for Services	\$ 2,021,191	\$ 1,674,435	\$ 56,985,289	\$ 53,875,274	\$ 59,006,480	\$ 55,549,709
Operating Grants and Contributions	1,850,554	1,461,865	-	-	1,850,554	1,461,865
Capital Grants Cnd contributions	2,570,630	6,932,788	1,361,847	1,689,405	3,932,477	8,622,193
General Revenues						
Property Taxes	11,307,342	10,526,039	-	-	11,307,342	10,526,039
Sales Tax	176,375	62,478	-	-	176,375	62,478
Other Taxes	256,252	319,036	-	-	256,252	319,036
State and Federal Aids not Restricted to Specific Functions	2,655,185	3,074,832	-	-	2,655,185	3,074,832
Interest and Investment Earnings	134,123	227,748	378,886	609,084	513,009	836,832
Gain on Sale of Capital Assets	17,046	-	-	-	17,046	-
Miscellaneous Revenues	288,864	393,273	-	-	288,864	393,273
Total	<u>21,277,562</u>	<u>24,672,494</u>	<u>58,726,022</u>	<u>56,173,763</u>	<u>80,003,584</u>	<u>80,846,257</u>
EXPENSES						
General Government	2,634,223	2,904,070	-	-	2,634,223	2,904,070
Public Safety	6,165,009	6,673,066	-	-	6,165,009	6,673,066
Public Works	5,580,435	6,084,817	-	-	5,580,435	6,084,817
Health and Human Services	7,751	4,475	-	-	7,751	4,475
Culture and Recreation	2,515,576	1,787,536	-	-	2,515,576	1,787,536
Development	328,559	328,757	-	-	328,559	328,757
Interest on Debt	1,520,282	1,446,537	-	-	1,520,282	1,446,537
Electric Utility	-	-	45,900,745	42,305,227	45,900,745	42,305,227
Water Utility	-	-	3,356,623	2,980,143	3,356,623	2,980,143
Storm Water Utility	-	-	608,757	1,119,981	608,757	1,119,981
Sanitary Sewer Utility	-	-	2,881,149	2,826,248	2,881,149	2,826,248
Total Expenses	<u>18,751,835</u>	<u>19,229,258</u>	<u>52,747,274</u>	<u>49,231,599</u>	<u>71,499,109</u>	<u>68,460,857</u>
INCREASE (DECREASE) IN NET POSITION						
BEFORE TRANSFERS	2,525,727	5,443,236	5,978,748	6,942,164	8,504,475	12,385,400
TRANSFERS	<u>2,551,846</u>	<u>2,666,122</u>	<u>(2,551,846)</u>	<u>(2,666,122)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>5,077,573</u>	<u>8,109,358</u>	<u>3,426,902</u>	<u>4,276,042</u>	<u>8,504,475</u>	<u>12,385,400</u>
BEGINNING NET POSITION	<u>32,789,748</u>	<u>24,491,720</u>	<u>103,206,837</u>	<u>98,930,795</u>	<u>135,996,585</u>	<u>123,422,515</u>
CUMULATIVE EFFECT OF PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>188,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,670</u>
ENDING NET POSITION	<u>\$ 37,867,321</u>	<u>\$ 32,789,748</u>	<u>\$ 106,633,739</u>	<u>\$ 103,206,837</u>	<u>\$ 144,501,060</u>	<u>\$ 135,996,585</u>

The increase in net position for governmental activities for year ended December 31, 2021 was at 30.25% compared to previous years increase in net position of 33.11% for year ended December 31, 2020. Current year activity increased net position by \$5,077,573.

Business-type activities growth in net position for year ended December 31, 2021 was 3.32% compared with 4.32% for year ended December 31, 2020. Management expects growth to continue at a modest rate especially for business-type activities.

Business-type activities revenue increased \$2,552,259 or 4.54% and expenses increased \$3,515,675 or 7.14% during 2021 primarily due to increased customer demand in the business-type activities.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Debt and Debt Management

	Outstanding 1/1/2021	Issued in 2021	Retired in 2021	Outstanding 12/31/2021	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Notes	\$ 33,757,652	\$ 8,880,000	\$ 3,423,130	\$ 39,214,522	\$ 3,834,520
General Obligation Bonds	9,634,998	-	635,000	8,999,998	665,000
Taxable Redevelopment Lease					
Revenue Bonds	8,500,000	-	425,000	8,075,000	425,000
Premium	1,251,064	347,893	143,891	1,455,066	-
Compensated Absences	601,119	16,973	9,461	608,631	152,158
Total Governmental Activities Debt	<u>\$ 53,744,833</u>	<u>\$ 9,244,866</u>	<u>\$ 4,636,482</u>	<u>\$ 58,353,217</u>	<u>\$ 5,076,678</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Notes	\$ 1,322,350	\$ -	\$ 421,870	\$ 900,480	\$ 240,480
Revenue Bonds	82,550,000	-	4,235,000	78,315,000	4,385,000
Premium	4,878,795	-	504,526	4,374,269	-
Compensated Absences	20,855	-	4,520	16,335	-
Total Business-Type Activities Debt	<u>\$ 88,772,000</u>	<u>\$ -</u>	<u>\$ 5,165,916</u>	<u>\$ 83,606,084</u>	<u>\$ 4,625,480</u>

Management's Analysis

Overall, long-term obligations decreased from \$142,516,833 in 2020 to \$141,959,301 in 2021. Governmental activities outstanding debt increased \$4,608,384 or 8.57%. Whereas the business-type activities outstanding debt decreased \$5,165,916 or 5.82%. All general obligation notes and bonds are scheduled to be paid off within ten (10) years and all the revenue bonds are scheduled to be paid off within twenty-five (25) years.

The City has maintained its current Standard & Poor's general obligation bond rating of AA- for the past several years. The current outstanding general obligation bonds and notes of \$49,115,000 is 74.73% of the statutory limit for cities in the State of Wisconsin.

The City's five-year capital improvement plan anticipates general obligation borrowing of approximately \$4,500,000 per year for the next five (5) years.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE GOVERNMENTS' FUNDS

As indicated earlier, the City uses fund accounting to ensure and demonstrate compliance with budgetary finance-related legal requirements.

General Fund Budgetary Analysis

	Final Budget 2021	Actual 2021	Budget Variance Positive (Negative)
REVENUES			
Taxes	\$ 5,989,913	\$ 6,011,838	\$ 21,925
Intergovernmental	3,957,728	4,087,987	130,259
Licenses and Permits	358,400	482,872	124,472
Fines and Forfeits	93,000	123,969	30,969
Changes for Services	951,500	653,873	(297,627)
Other	210,000	33,540	(176,460)
Transfers In	2,946,538	2,830,846	(115,692)
Total Revenues	<u>14,507,079</u>	<u>14,224,925</u>	<u>(282,154)</u>
EXPENDITURES			
General Government	2,233,907	2,161,854	72,053
Public Safety	6,351,828	6,506,498	(154,670)
Public Works	3,568,214	3,459,226	108,988
Health and Welfare	2,500	7,751	(5,251)
Culture and Recreation	2,063,348	1,917,947	145,401
Nondepartmental	804,729	453,383	351,346
Transfers Out	-	-	-
Total Expenditures	<u>15,024,526</u>	<u>14,506,659</u>	<u>517,867</u>
Net Change in Fund Balance	<u>\$ (517,447)</u>	<u>\$ (281,734)</u>	<u>\$ 235,713</u>

Management's Analysis

The 2021 general fund budget to actual comparison is showing a small surplus than in previous years at \$235,713. The decrease in ambulance service reduced realized revenue helping the cause to miss budgeted revenue. Contrary, staff was successful at holding expense in check and came in well under budget making up for the missed revenue.

Revenue Variances – Revenues came in under budget due to a decrease in the transfer compared to expected, budgeted donations that were not received and a decrease in ambulance charges.

Expenditure Variances – The general government expenditures were under budget because most departments spent less than they budgeted. Public works department was the one area that was under budget that is due in large part to less hours worked than planned/budgeted.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

General Fund Budgetary Analysis

Within the public works budget, street maintenance, refuse disposal, and street lighting were over budget. The rest of the accounts were under budget. The overage was due to additional hours worked and different actual benefits selected than what was budgeted.

Within the culture and recreation budget youth sports, Athletic Field, and swimming pool were under budget. Adult Sports, Dance, and Library were over budget.

Debt Service Fund Budgetary Analysis

	Final Budget 2021	Actual 2021	Budget Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,727,032	\$ 3,727,032	\$ -
Total Revenues	<u>3,727,032</u>	<u>3,727,032</u>	<u>-</u>
EXPENDITURES			
Debt Service Principal	5,305,000	4,483,130	821,870
Debt Service Interest	1,775,893	1,514,783	261,110
Total Expenditures	<u>7,080,893</u>	<u>5,997,913</u>	<u>1,082,980</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(3,353,861)</u>	<u>(2,270,881)</u>	<u>1,082,980</u>
OTHER FINANCING SOURCES			
Premium on Debt Issued	170,582	347,893	177,311
Transfers in	3,303,279	1,778,054	(1,525,225)
Total Other Financing Sources	<u>3,473,861</u>	<u>2,125,947</u>	<u>(1,347,914)</u>
Net Change in Fund Balance	<u>\$ 120,000</u>	<u>\$ (144,934)</u>	<u>\$ (264,934)</u>

Management's Analysis

Management takes a conservative approach to budgeting for special assessments. Special assessment projects are funded from the proceeds of long-term borrowing and from resources available in the special assessment fund. The specific projects and the timing of the repayment by individual property owners to repay the assessments vary from year to year. Special assessment funds are transferred into the debt service fund in an amount that approximates the debt services requirement for debt incurred to fund special assessment projects.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Note how unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the City's governmental funds reported combined year ending fund balance of \$16,918,512, an increase of \$3,929,363 for the calendar year 2021. Of the total fund balance, the unassigned fund balance is a negative \$889,928, which is ordinarily available for spending at the City's discretion. The remainder of fund balance is not available because it is designated as follows:

- Nonspendable, \$89,755
- Restricted for debt service and donations, \$6,819,270
- Committed, \$3,287,530
- Assigned, \$7,611,885

Fund Balance Analysis – General Fund

The total general fund balance increased from \$5,217,964 at calendar year end 2020 to \$4,936,230 for calendar year end 2021. The city council adopted a policy in 2010 to maintain the fund balance at 15% of the operating budget. Fifteen percent of the 2021 operating budget is \$2,253,679. The unassigned general fund balance as of December 31, 2021 was \$4,936,230. The year-end fund balance for 2021 follows the policy that was established in 2010. As a measure of the general fund's liquidity, it is useful to compare both unassigned and total fund balance to budgeted expenditures for 2021. Unassigned fund balance equals 29.53% of budgeted expenditures while total fund balance represents 32.85% of budgeted expenditures for 2021.

Fund Balance Analysis – Debt Service Fund

The debt service fund balance has a balance of \$5,686,247 at year-end 2021, which primarily represents amounts due from other funds. Going forward, the debt service fund is expected to have no balance at yearend except for an amount equal to due from other funds.

Fund Balance Analysis – Special Revenue Funds

The combined non-major special revenue funds have a calendar year-end 2021 fund balance of \$2,365,217. The combined fund balance for special revenue funds increased \$149,692 for calendar year ended.

Fund Balance Analysis – Capital Project Funds

The combined nonmajor capital project funds have a calendar year end 2021 surplus fund balance of \$4,206,339. The ongoing capital funds surplus is due to timing of borrowed funds being spent. All Tax Incremental Districts (TID) except for TID6, have a deficit. However, there has been new development within TID5 and TID6 that will give the tax incremental districts a boost in increment dollars to ensure all districts are at a net balance of zero at the time the district close.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

POPRIETARY FUNDS

Net Position Analysis – Stormwater Utility

Unrestricted net position of the Stormwater Utility at the end of the year amounted to \$2,324,282. The total increase in net position was \$647,453.

Net Position Analysis – Sanitary Sewer Utility

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$3,429,868. The total increase in net position was \$518,745.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, net of accumulated depreciation is \$215,210,908. Governmental activities capital assets increased in 2021 by 4,744,127 from \$75,416,067 to \$80,160,194. The increase is because of the construction/remodel of the street improvements, etc. The net increase of \$1,944,415 in business-type activities capital assets from \$157,376,314 to \$159,320,729 for the calendar year ended 2021 is result of investment in ongoing system improvements.

ECONOMIC FACTORS

The City of Kaukauna, Wisconsin benefits from its location in the Fox River Valley. Located south of Green Bay, the city benefits from its favorable location in the Fox River Valley. From 2009 - 2021, the City's tax base, which currently stands at \$1.31 Billion (see following schedule), averaged a 2.63% annual increase; however, the decrease over five years (2009 – 2013) averages 0.74% per year. Management believes that tax base growth, which has historically been driven by residential and commercial construction, will increase consistently in the near term. Over the past five years (2017 - 2021), the city saw an average increase of 5.28%.

Ahlstom-Munksio (a.k.a Thilmany), the City's largest employer and largest taxpayer poses some risk to the local economy. However, this concern is mitigated by the City's proximity to numerous employment opportunities located throughout the Fox River Valley and the decreasing assessed value Thilmany relative to the City's overall assessed value over the past several years.

Assessment Year	Equalized Value Including TID's	% Change	Equalized Value Excluding TID's	% Change
2021	\$ 1,314,411,300	8.78 %	\$ 1,221,182,000	8.04 %
2020	1,208,319,100	4.72	1,130,278,300	3.02
2019	1,153,840,300	6.01	1,097,194,600	6.05
2018	1,088,457,300	5.88	1,034,627,000	5.50
2017	1,027,973,700	4.12	980,725,200	3.79
2016	987,250,900	4.48	944,893,400	4.50
2015	944,939,000	2.38	904,221,100	1.06
2014	922,944,000	3.00	894,717,600	2.39
2013	896,096,700	(0.25)	873,869,600	(0.26)
2012	898,369,100	(3.63)	876,128,200	(3.64)
2011	932,227,600	(0.34)	909,241,100	(0.56)
2010	935,396,400	1.25	914,342,300	1.66
2009	923,842,800		899,406,800	

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Standard & Poor's, which currently has the City's debt rated at AA-, supported by very strong budgetary flexibility, very strong liquidity, strong budgetary performance, strong management, adequate economy and very weak debt and contingent liability position tempered by the City's participation in the deep and diverse Fox Cities metropolitan area economy. The City rapidly retires general obligation debt within ten years. Debt service accounts for high, though manageable, expenditures reflecting the City's above average debt burden and rapid principal payout.

The City's sound financial operations will be maintained through prudent financial management and growth in tax base, resulting in increased property tax revenues, which is the City's largest operating revenue source.

The overall impact of the COVID19 pandemic continues to leave its legacy on the City in subtle ways. The city has seen a few of the revenue streams affected by the pandemic. Most of which are back online but not all at 100%. The City received \$1.7 million in American Rescue Plan Act that it plans to put to good use for projects that fall under the allowable use criteria. Staff will continue to work through the long term effects of this pandemic as they become more defined as we get further away from this event.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Kaukauna for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the William Van Rossum, Finance Director, City of Kaukauna, 144 W. Second Street, Kaukauna, Wisconsin 54130.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,465,466	\$ 15,484,672	\$ 29,950,138
Receivables:			
Taxes and Special Charges	8,404,533	17,071	8,421,604
Delinquent Taxes	144	-	144
Accounts, Net	602,812	4,920,759	5,523,571
Special Assessments	3,573,670	-	3,573,670
Loans	819,935	-	819,935
Internal Balances	(19,304)	19,304	-
Due from Other Governments	1,761,170	-	1,761,170
Inventories and Prepaid Items	89,611	3,054,194	3,143,805
Investment in ATC LLC	-	3,813,760	3,813,760
Nonutility Plant, Net	-	317,525	317,525
Regulatory Asset	-	1,320,814	1,320,814
Assets Held for Resale	-	236,297	236,297
Restricted Assets:			
Cash and Investments	10,060,311	8,450,313	18,510,624
Net Pension Asset	3,895,194	2,026,363	5,921,557
Capital Assets, Nondepreciable	19,764,586	4,505,429	24,270,015
Capital Assets, Depreciable, Net	60,395,608	154,815,300	215,210,908
Total Assets	<u>123,813,736</u>	<u>198,981,801</u>	<u>322,795,537</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Advance Refunding	-	663,636	663,636
Pension Related Amounts	6,468,941	3,360,810	9,829,751
Other Postemployment Related Amounts	1,092,203	341,204	1,433,407
Total Deferred Outflows of Resources	<u>7,561,144</u>	<u>4,365,650</u>	<u>11,926,794</u>
LIABILITIES			
Accounts Payable	1,401,432	3,700,380	5,101,812
Accrued and Other Current Liabilities	1,051,826	633,169	1,684,995
Due to Other Governments	12,430	-	12,430
Accrued Interest Payable	223,727	175,689	399,416
Customer Deposits	-	1,149,997	1,149,997
Unearned Revenues	856,157	937,293	1,793,450
Long-Term Obligations:			
Due within One Year	5,076,678	4,625,480	9,702,158
Due in More Than One Year	53,276,539	78,980,604	132,257,143
Net Other Postemployment Benefits	7,376,285	1,864,062	9,240,347
Total Liabilities	<u>69,275,074</u>	<u>92,066,674</u>	<u>161,341,748</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	14,897,735	-	14,897,735
Pension Related Amounts	8,531,865	4,438,457	12,970,322
Other Postemployment Related Amounts	802,885	208,581	1,011,466
Total Deferred Inflows of Resources	<u>24,232,485</u>	<u>4,647,038</u>	<u>28,879,523</u>
NET POSITION			
Net Investment in Capital Assets	24,148,669	76,405,373	100,554,042
Restricted			
Debt Service	6,250,234	7,381,080	13,631,314
Donations	345,309	-	345,309
Pension Benefits	3,895,194	2,026,363	5,921,557
Unrestricted	3,227,915	20,820,923	24,048,838
Total Net Position	<u>\$ 37,867,321</u>	<u>\$ 106,633,739</u>	<u>\$ 144,501,060</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 2,634,223	\$ 194,108	\$ -	\$ -	\$ (2,440,115)	\$ -	\$ (2,440,115)
Public Safety	6,165,009	1,016,250	90,717	10,950	(5,047,092)	-	(5,047,092)
Public Works	5,580,435	528,207	1,113,154	1,259,139	(2,679,935)	-	(2,679,935)
Health and Human Services	7,751	1,452	-	-	(6,299)	-	(6,299)
Culture and Recreation	2,515,576	279,744	293,097	1,097,344	(845,391)	-	(845,391)
Conservation and Development	328,559	1,430	353,586	203,197	229,654	-	229,654
Interest and Fiscal Charges	1,520,282	-	-	-	(1,520,282)	-	(1,520,282)
Total Governmental Activities	18,751,835	2,021,191	1,850,554	2,570,630	(12,309,460)	-	(12,309,460)
BUSINESS-TYPE ACTIVITIES							
Kaukauna Utilities	49,257,368	52,220,756	-	1,361,847	-	4,325,235	4,325,235
Storm Water Utility	608,757	1,261,593	-	-	-	652,836	652,836
Sanitary Sewer Utility	2,881,149	3,502,940	-	-	-	621,791	621,791
Total Business-Type Activities	52,747,274	56,985,289	-	1,361,847	-	5,599,862	5,599,862
Total Primary Government	\$ 71,499,109	\$ 59,006,480	\$ 1,850,554	\$ 3,932,477	(12,309,460)	5,599,862	(6,709,598)
GENERAL REVENUES							
Taxes:							
Property Taxes					11,307,342	-	11,307,342
Sales Tax					176,375	-	176,375
Other Taxes					256,252	-	256,252
Federal and State Grants and Other Contributions							
not Restricted to Specific Functions					2,655,185	-	2,655,185
Interest and Investment Earnings					134,123	378,886	513,009
Miscellaneous					288,864	-	288,864
Gain on Sale of Asset					17,046	-	17,046
Transfers					2,551,846	(2,551,846)	-
Total General Revenues and Transfers					17,387,033	(2,172,960)	15,214,073
CHANGE IN NET POSITION							
Net Position - Beginning of Year					32,789,748	103,206,837	135,996,585
Prior Period Adjustment					-	-	-
Net Position - as Restated					32,789,748	103,206,837	135,996,585
NET POSITION - END OF YEAR							
					\$ 37,867,321	\$ 106,633,739	\$ 144,501,060

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

ASSETS	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ 7,283,350	\$ 290,127	\$ 6,891,989	\$ 14,465,466
Restricted Cash and Investments	438,460	1,928,823	7,693,028	10,060,311
Receivables:				
Taxes and Special Charges	5,291,355	1,854,267	1,258,911	8,404,533
Delinquent Taxes	144	-	-	144
Accounts, Net	340,933	-	261,879	602,812
Special Assessments	-	-	3,573,670	3,573,670
Loans	-	-	819,935	819,935
Due from Other Funds	1,553,634	5,396,120	62,133	7,011,887
Due from Other Governments	1,170	-	1,760,000	1,761,170
Inventories and Prepaid Items	89,611	-	-	89,611
	<u>\$ 14,998,657</u>	<u>\$ 9,469,337</u>	<u>\$ 22,321,545</u>	<u>\$ 46,789,539</u>
Total Assets				
	<u>\$ 14,998,657</u>	<u>\$ 9,469,337</u>	<u>\$ 22,321,545</u>	<u>\$ 46,789,539</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 216,775	\$ -	\$ 1,184,657	\$ 1,401,432
Accrued and Other Current Liabilities	1,041,705	-	10,121	1,051,826
Due to Other Funds	13,980	-	7,017,211	7,031,191
Due to Other Governments	12,430	-	-	12,430
Unearned Revenues	4,678	-	851,479	856,157
	<u>1,289,568</u>	<u>-</u>	<u>9,063,468</u>	<u>10,353,036</u>
Total Liabilities				
	1,289,568	-	9,063,468	10,353,036
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	8,546,207	3,783,090	2,568,438	14,897,735
Other Public Charges, Grants, and Donations	226,652	-	1,980,000	2,206,652
Loans Receivable	-	-	819,935	819,935
Special Assessments	-	-	3,573,669	3,573,669
	<u>8,772,859</u>	<u>3,783,090</u>	<u>8,942,042</u>	<u>21,497,991</u>
Total Deferred Inflows of Resources				
	8,772,859	3,783,090	8,942,042	21,497,991
FUND BALANCES				
Nonspendable	89,755	-	-	89,755
Restricted	-	5,686,247	1,133,023	6,819,270
Committed	-	-	8,509,415	8,509,415
Assigned	410,000	-	-	410,000
Unassigned	4,436,475	-	(5,326,403)	(889,928)
	<u>4,936,230</u>	<u>5,686,247</u>	<u>4,316,035</u>	<u>14,938,512</u>
Total Fund Balances				
	4,936,230	5,686,247	4,316,035	14,938,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	<u>\$ 14,998,657</u>	<u>\$ 9,469,337</u>	<u>\$ 22,321,545</u>	<u>\$ 46,789,539</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 14,938,512
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.	80,160,194
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Ambulance Charges	2,206,651
Loans Receivable	819,935
Special Assessments	3,573,670
Long-term assets are not current financial resources; therefore, are not reported in the funds:	
Net Pension Asset	3,895,194
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	6,468,941
Deferred Inflows Related to Pensions	(8,531,865)
Deferred Outflows Related to Other Postemployment Benefits	1,092,203
Deferred Inflows Related to Other Postemployment Benefits	(802,885)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(56,289,520)
Premium on Debt	(1,455,066)
Compensated Absences	(608,631)
Other Postemployment Benefit	(7,376,285)
Accrued Interest on Long-Term Obligations	<u>(223,727)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 37,867,321</u>

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 6,011,838	\$ 3,727,032	\$ 2,154,266	\$ 11,893,136
Special Assessments	-	-	1,247,268	1,247,268
Intergovernmental	4,087,987	-	749,749	4,837,736
Licenses and Permits	482,872	-	-	482,872
Fines and Forfeits	123,969	-	9,523	133,492
Public Charges for Services	653,873	-	483,836	1,137,709
Miscellaneous	33,540	-	1,851,643	1,885,183
Total Revenues	<u>11,394,079</u>	<u>3,727,032</u>	<u>6,496,285</u>	<u>21,617,396</u>
EXPENDITURES				
Current:				
General Government	2,161,854	-	-	2,161,854
Public Safety	6,506,498	-	16,653	6,523,151
Public Works	3,459,226	-	199,770	3,658,996
Health and Human Services	7,751	-	-	7,751
Culture and Recreation	1,917,947	-	358,881	2,276,828
Conservation and Development	-	-	200,592	200,592
Nondepartmental	453,383	-	-	453,383
Debt Service:				
Principal	-	4,483,130	-	4,483,130
Interest and Fiscal Charges	-	1,514,783	80,612	1,595,395
Capital Outlay	-	-	8,106,692	8,106,692
Total Expenditures	<u>14,506,659</u>	<u>5,997,913</u>	<u>8,963,200</u>	<u>29,467,772</u>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(3,112,580)	(2,270,881)	(2,466,915)	(7,850,376)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	8,880,000	8,880,000
Premium on Debt Issued	-	347,893	-	347,893
Transfers In	2,830,846	1,778,054	3,272,583	7,881,483
Transfers Out	-	-	(5,329,637)	(5,329,637)
Total Other Financing Sources (Uses)	<u>2,830,846</u>	<u>2,125,947</u>	<u>6,822,946</u>	<u>11,779,739</u>
NET CHANGE IN FUND BALANCES	(281,734)	(144,934)	4,356,031	3,929,363
Fund Balances - Beginning of Year	<u>5,217,964</u>	<u>5,831,181</u>	<u>1,940,004</u>	<u>12,989,149</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(1,980,000)</u>	<u>(1,980,000)</u>
Fund Balances - as Restated	<u>5,217,964</u>	<u>5,831,181</u>	<u>(39,996)</u>	<u>11,009,149</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,936,230</u>	<u>\$ 5,686,247</u>	<u>\$ 4,316,035</u>	<u>\$ 14,938,512</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page \$ 3,929,363

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Expenditures in Governmental Fund Statements	7,763,679
Depreciation Expense Reported in the Statement of Activities	(2,904,856)
Net Book Value of Disposals	(114,696)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	57,818
---	--------

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	(8,880,000)
Principal Repaid	4,483,130
Interest Accrued on Long-Term Debt	(68,778)
Premium on Debt Issued, Including Current Year Amortization	(204,002)

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:

Compensated Absences	(7,512)
Net Pension Liability (Asset)	1,906,350
Deferred Outflows of Resources Related to Pensions	1,826,160
Deferred Inflows of Resources Related to Pensions	(2,567,142)
Other Postemployment Benefits	(276,000)
Deferred Outflows of Resources Related to Other Postemployment Benefits	69,514
Deferred Inflows of Resources Related to Other Postemployment Benefits	64,545

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 5,077,573
--	--------------

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 5,989,913	\$ 5,989,913	\$ 6,011,838	\$ 21,925
Intergovernmental	3,957,728	3,957,728	4,087,987	130,259
Licenses and Permits	358,400	358,400	482,872	124,472
Fines and Forfeits	93,000	93,000	123,969	30,969
Public Charges for Services	951,500	951,500	653,873	(297,627)
Miscellaneous	210,000	210,000	33,540	(176,460)
Total Revenues	<u>11,560,541</u>	<u>11,560,541</u>	<u>11,394,079</u>	<u>(166,462)</u>
EXPENDITURES				
Current:				
General Government	2,233,907	2,233,907	2,161,854	72,053
Public Safety	6,351,828	6,351,828	6,506,498	(154,670)
Public Works	3,568,214	3,568,214	3,459,226	108,988
Health and Human Services	2,500	2,500	7,751	(5,251)
Culture and Recreation	2,063,348	2,063,348	1,917,947	145,401
Nondepartmental	804,729	804,729	453,383	351,346
Total Expenditures	<u>15,024,526</u>	<u>15,024,526</u>	<u>14,506,659</u>	<u>517,867</u>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(3,463,985)	(3,463,985)	(3,112,580)	351,405
OTHER FINANCING SOURCES (USES)				
Transfers In	2,946,538	2,946,538	2,830,846	(115,692)
NET CHANGE IN FUND BALANCE	(517,447)	(517,447)	(281,734)	235,713
Fund Balance - Beginning of Year	<u>3,371,500</u>	<u>3,303,462</u>	<u>5,217,964</u>	<u>1,319,518</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,854,053</u>	<u>\$ 2,786,015</u>	<u>\$ 4,936,230</u>	<u>\$ 1,555,231</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS
DECEMBER 31, 2021

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 10,035,931	\$ 2,174,720	\$ 3,274,021	\$ 15,484,672
Receivables:				
Taxes and Special Charges Accounts, Net	-	3,480	13,591	17,071
Due from Other Funds	4,918,959	-	1,800	4,920,759
Inventories and Prepaid Items	256,418	218,697	552,800	1,027,915
Total Current Assets	<u>3,054,194</u>	<u>-</u>	<u>-</u>	<u>3,054,194</u>
	18,265,502	2,396,897	3,842,212	24,504,611
Restricted Assets:				
Cash and Investments	7,303,678	633,806	512,829	8,450,313
Other Assets:				
Investment in ATC LLC	3,813,760	-	-	3,813,760
Regulatory Asset	1,320,814	-	-	1,320,814
Nonutility Plant, Net	317,525	-	-	317,525
Property Held for Future Use	236,297	-	-	236,297
Net Pension Asset	1,949,907	35,778	40,678	2,026,363
Total Other Assets	<u>7,638,303</u>	<u>35,778</u>	<u>40,678</u>	<u>7,714,759</u>
Capital Assets:				
Nondepreciable	4,461,797	43,632	-	4,505,429
Depreciable, Net	126,310,498	9,360,505	19,144,297	154,815,300
Total Capital Assets	<u>130,772,295</u>	<u>9,404,137</u>	<u>19,144,297</u>	<u>159,320,729</u>
Total Assets	<u>163,979,778</u>	<u>12,470,618</u>	<u>23,540,016</u>	<u>199,990,412</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Advance Refunding	663,636	-	-	663,636
Pension Related Amounts	3,231,760	57,375	71,675	3,360,810
Other Postemployment Related Amounts	334,633	3,075	3,496	341,204
Total Deferred Outflows of Resources	<u>4,230,029</u>	<u>60,450</u>	<u>75,171</u>	<u>4,365,650</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2021

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 3,433,219	\$ 5,730	\$ 261,431	\$ 3,700,380
Accrued and Other Current Liabilities	620,689	3,960	8,520	633,169
Due to Other Funds	837,416	-	171,195	1,008,611
Customer Deposits	1,149,997	-	-	1,149,997
Unearned Revenues	902,464	7,100	27,729	937,293
Current Portion of Long-Term Debt:				
General Obligation	-	240,480	-	240,480
Revenue Bonds	3,960,000	75,000	350,000	4,385,000
Accrued Interest Payable	105,395	25,097	45,197	175,689
Total Current Liabilities	<u>11,009,180</u>	<u>357,367</u>	<u>864,072</u>	<u>12,230,619</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	-	660,000	-	660,000
Revenue Bonds	63,205,000	4,700,000	6,025,000	73,930,000
Compensated Absences	-	7,964	8,371	16,335
Debt Premium	4,201,861	96,350	76,058	4,374,269
Net Other Postemployment Benefits	1,848,526	7,270	8,266	1,864,062
Total Long-Term Liabilities	<u>69,255,387</u>	<u>5,471,584</u>	<u>6,117,695</u>	<u>80,844,666</u>
Total Liabilities	80,264,567	5,828,951	6,981,767	93,075,285
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	4,270,991	78,368	89,098	4,438,457
Other Postemployment Related Amounts	206,517	966	1,098	208,581
Total Deferred Inflows of Resources	<u>4,477,508</u>	<u>79,334</u>	<u>90,196</u>	<u>4,647,038</u>
NET POSITION				
Net Investment in Capital Assets	59,694,663	4,136,723	12,573,987	76,405,373
Restricted				
Debt Service	6,756,389	126,000	498,691	7,381,080
Pension Benefits	1,949,907	35,778	40,678	2,026,363
Unrestricted	<u>15,066,773</u>	<u>2,324,282</u>	<u>3,429,868</u>	<u>20,820,923</u>
Total Net Position	<u>\$ 83,467,732</u>	<u>\$ 6,622,783</u>	<u>\$ 16,543,224</u>	<u>\$ 106,633,739</u>

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 51,532,900	\$ 1,261,593	\$ 3,502,940	\$ 56,297,433
Other	649,529	-	-	649,529
Total Operating Revenues	<u>52,182,429</u>	<u>1,261,593</u>	<u>3,502,940</u>	<u>56,946,962</u>
OPERATING EXPENSES				
Operation and Maintenance	40,741,841	302,451	2,357,892	43,402,184
Depreciation	5,934,289	157,738	328,720	6,420,747
Taxes	-	10,864	-	10,864
Total Operating Expenses	<u>46,676,130</u>	<u>471,053</u>	<u>2,686,612</u>	<u>49,833,795</u>
OPERATING INCOME	5,506,299	790,540	816,328	7,113,167
NONOPERATING REVENUES (EXPENSES)				
Interest Income	374,813	2,150	1,923	378,886
Merchandising and Jobbing	38,327	-	-	38,327
Interest and Fiscal Charges	(2,360,013)	(137,704)	(194,537)	(2,692,254)
Amortization of Debt Discount/Premium	(201,528)	-	-	(201,528)
Miscellaneous Revenues (Expenses)	(19,697)	-	-	(19,697)
Total Nonoperating Revenues (Expenses)	<u>(2,168,098)</u>	<u>(135,554)</u>	<u>(192,614)</u>	<u>(2,496,266)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	3,338,201	654,986	623,714	4,616,901
Capital Contributions	1,361,847	-	-	1,361,847
Transfers In	-	91,000	39,000	130,000
Transfers Out	<u>(2,439,344)</u>	<u>(98,533)</u>	<u>(143,969)</u>	<u>(2,681,846)</u>
CHANGE IN NET POSITION	2,260,704	647,453	518,745	3,426,902
Net Position - Beginning of Year	<u>81,207,028</u>	<u>5,975,330</u>	<u>16,024,479</u>	<u>103,206,837</u>
NET POSITION - END OF YEAR	<u>\$ 83,467,732</u>	<u>\$ 6,622,783</u>	<u>\$ 16,543,224</u>	<u>\$ 106,633,739</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 52,649,140	\$ 1,259,743	\$ 3,459,923	\$ 57,368,806
Cash Paid for Employee Wages and Benefits	(36,549,499)	(193,140)	(220,211)	(36,962,850)
Cash Paid to Suppliers	(4,340,609)	(221,808)	(2,986,601)	(7,549,018)
Net Cash Provided by Operating Activities	<u>11,759,032</u>	<u>844,795</u>	<u>253,111</u>	<u>12,856,938</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from Other Funds	-	(12,739)	94,221	81,482
Transfers In/Out	(2,439,344)	(7,533)	(104,969)	(2,551,846)
Net Cash Used by Noncapital Financing Activities	<u>(2,439,344)</u>	<u>(20,272)</u>	<u>(10,748)</u>	<u>(2,470,364)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(5,283,576)	(409,251)	(1,440,783)	(7,133,610)
Cost of Removal of Capital Assets	(149,046)	-	-	(149,046)
Capital Contributions	393,557	1,211	23,776	418,544
Principal Paid on Long-Term Debt	(3,835,000)	(462,390)	(359,480)	(4,656,870)
Interest Paid on Long-Term Debt	(2,412,321)	(164,496)	(215,503)	(2,792,320)
Net Cash Used by Capital and Related Financing Activities	<u>(11,286,386)</u>	<u>(1,034,926)</u>	<u>(1,991,990)</u>	<u>(14,313,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	283,536	2,150	1,923	287,609
Net Cash Provided by Investing Activities	<u>283,536</u>	<u>2,150</u>	<u>1,923</u>	<u>287,609</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,683,162)	(208,253)	(1,747,704)	(3,639,119)
Cash and Cash Equivalents - Beginning of Year	<u>19,022,771</u>	<u>3,016,779</u>	<u>5,534,554</u>	<u>27,574,104</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 17,339,609</u>	<u>\$ 2,808,526</u>	<u>\$ 3,786,850</u>	<u>\$ 23,934,985</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Kaukauna Utilities	Stormwater Utility	Sanitary Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 5,506,299	\$ 790,540	\$ 816,328	\$ 7,113,167
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Nonoperating Revenue	67,796	-	-	67,796
Depreciation	5,934,289	157,738	328,720	6,420,747
Depreciation Charged to Operating Accounts	260,294	-	-	260,294
Depreciation on Nonutility Plant	8,679	-	-	8,679
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources				
Pension Asset/Liability	(928,093)	(17,010)	(26,647)	(971,750)
Pension Related Deferred Outflows	(855,220)	(11,575)	(38,845)	(905,640)
Pension Related Deferred Inflows	1,206,479	22,080	47,017	1,275,576
Other Postemployment Benefits Liability	135,406	1,730	4,125	141,261
Other Postemployment Benefits Liability Related Deferred Outflows	(41,593)	(916)	(1,882)	(44,391)
Other Postemployment Benefits Liability Related Deferred Inflows	(16,473)	(42)	345	(16,170)
Regulatory Asset	220,136	-	-	220,136
Change in Operating Assets and Liabilities				
Accounts Receivables, Net of Allowance	82,984	-	550	83,534
Due to/from Municipality	92,142	-	-	92,142
Inventories and Prepaid Items	(142,434)	-	-	(142,434)
Accounts Payable	32,145	(89,641)	(837,697)	(895,193)
Accrued and Other Current Liabilities	(11,462)	(6,259)	4,664	(13,057)
Customer Deposits	391,377	-	-	391,377
Unearned Revenues	(183,719)	(1,850)	(43,567)	(229,136)
Net Cash Provided by Operating Activities	<u>\$ 11,759,032</u>	<u>\$ 844,795</u>	<u>\$ 253,111</u>	<u>\$ 12,856,938</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 10,035,931	\$ 2,174,720	\$ 3,274,021	\$ 15,484,672
Cash and Cash Equivalents in Restricted Assets	7,303,678	633,806	512,829	8,450,313
Total Cash and Cash Equivalents	<u>\$ 17,339,609</u>	<u>\$ 2,808,526</u>	<u>\$ 3,786,850</u>	<u>\$ 23,934,985</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
ATC Dividends Reinvested	\$ (91,278)	\$ -	\$ -	\$ (91,278)
Amortization	\$ (201,530)	\$ -	\$ -	\$ (201,530)
Acquisition of Capital Assets Purchase on Account	\$ -	\$ (70,925)	\$ (962,343)	\$ (1,033,268)
Developer financed additions to utility plant	\$ 968,290	\$ -	\$ -	\$ 968,290

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	\$ 7,103,322
Taxes Receivable	6,828,666
Total Assets	13,931,988
 DEFERRED INFLOW	
Property Taxes Levied for Subsequent Year	13,931,988
 NET POSITION	
Restricted	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2021**

	Tax Collection Custodial Fund
ADDITIONS	
Property Tax Collections	\$ 14,813,096
DEDUCTIONS	
Payments to Taxing Jurisdictions	14,813,096
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected eight member council. Included in the City's operations (the primary government) are the City's Electric and Water Utilities, managed by a separate commission appointed by the City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements as required by standards.

Redevelopment Authority

The Redevelopment Authority of the City of Kaukauna provides services entirely to the City of Kaukauna. Although it is legally separate from the City, the Redevelopment Authority is blended and reported as if it were part of the primary government because of the nature of its relationship with the City. The Redevelopment Authority does not issue separate financial statements.

B. Related Organization

The City's officials are also responsible for appointing the members of the board of another organization, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, this organization is not included in the City's reporting entity. The City Council appoints some or all of the members of the following related organization:

Housing Authority of the City of Kaukauna

The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Kaukauna nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City'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 governmental funds.

The City reports the following major enterprise funds:

Kaukauna Utilities

This fund accounts for the provision of electric service to City residents, businesses, public authorities and the communities of Little Chute and Combined Locks, Wisconsin and the provision of water service to City residents, businesses and public authorities.

Stormwater Utility

This fund accounts for the provision of storm water management to City residents, businesses and public authorities.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sanitary Sewer Utility

This fund accounts for the provision of wastewater collection to City residents, businesses and public authorities.

Custodial Funds

The City accounts for assets held for individuals or other government agencies in custodial funds.

Tax Collection

The tax collection custodial fund accounts for property taxes and specials collected on behalf of other governments.

D. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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 City'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 City's policy to use restricted resources first, then unrestricted resources, as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

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

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City 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 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 City.

Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

The City bills and collects its own property taxes and also levies and collects taxes for the Kaukauna School District, Outagamie County and Fox Valley Technical College.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$376,488.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2021 tax roll are recognized as revenue in 2022.)

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

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.

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories

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

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

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

9. Investment in American Transmission Company (ATC)

The City's Electric Utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The Utility owns less than 1% of ATC.

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the Utility has the option to contribute additional funds to maintain its proportionate share of ownership. The investment in American Transmission Company LLC is recorded at cost since it is privately held and has no readily available fair market value. The Utility's ownership share is value at \$3,813,760 as of December 31, 2021, and is reported on the Statement of Net Position as an asset.

10. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City 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.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Capital Assets (Continued)

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

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Buildings	20 to 40	25 to 50
Improvements Other Than Buildings	10 to 20	25 to 100
Machinery and Equipment	3 to 20	3 to 10
Infrastructure	18 to 70	70

11. Regulatory Asset

During 2017, a large industrial customer of the Utilities went into receivership, resulting in an uncollectible receivable of \$2,201,357. The Utilities subsequently requested the Public Service Commission of Wisconsin (PSC) to allow the Utilities to recover this cost in future years. The PSC subsequently authorized the Utilities to amortize this cost over 10 years and allowed an annual uncollectible expense of \$220,136 to be included in the Utilities revenue requirement beginning in 2018. The Utilities expects that the PSC will continue to include this amortization in its revenue requirement through 2028, and will amortize the asset in accordance with the PSC order.

12. Compensated Absences

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

13. Deferred Outflows/Inflows of Resources

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Deferred Outflows/Inflows of Resources (Continued)

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

14. 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.

15. Pensions

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

17. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

17. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has authorized the City Finance Director 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 City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. Sales Tax

The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Use of Estimates

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, City management submits to the City Council 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 City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, certain special revenue, debt service funds and certain capital projects funds. 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, certain special revenue funds, debt service funds and certain capital projects funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures over Budget Appropriations

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

Fund(s)	Excess Expenditures
General Fund	
Public Safety	\$ 154,670
Health and Human Services	5,251

C. Deficit Fund Equity

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

Funds	Deficit Fund Balance
Special Revenue Funds	
Grignon Home	\$ 9,605
Nelson Crossing	130
Capital Projects Funds	
Space Needs	\$ 62,522
Streets and Sidewalks	1,102,345
Tax Incremental District #5	4,216,292
Tax Incremental District #9	109,205
Tax Incremental District #10	165,313
Tax Incremental District #11	13,114
Environmental Remediation TID	750,222

The City anticipates funding the above deficits from future revenues and tax levies of the funds.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2021 and 2022 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2021 budget was 3.02%. The actual limit for the City for the 2022 budget was 2.57%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City 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 City's cash and investments totaled \$55,564,084 on December 31, 2021, as summarized below:

Petty Cash and Cash on Hand	\$	1,000
Deposits with Financial Institutions		11,070,630
Beneficial Interest in Assets Held by Community Foundation of the Fox Valley		33,816
Investments		
U.S. Agency Securities		982,298
Bond Mutual Funds		368,811
Wisconsin Investment Series Cooperative (WISC)		
LTD Series		1,185,395
TS Series		881,482
Negotiable Certificates of Deposit		3,151,382
Repurchase Agreements		11,707,300
Money Market Mutual Funds		925,952
U.S. Treasury Notes and Bonds		1,657,285
Wisconsin Local Government Investment Pool		23,598,733
Total		\$ 55,564,084

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and Investments	\$ 29,950,138
Restricted Cash and Investments	18,510,624
Fiduciary Fund Statement of Net Position	
Custodial Fund	7,103,322
Total	<u>\$ 55,564,084</u>

Fair Value Measurements

The City 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 City has the following fair value measurements as of December 31, 2021:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasuries	\$ -	\$ 1,657,285	\$ -
U.S. Agency Securities	-	982,298	-
Bond Mutual Funds	167,062	201,749	-
Negotiable Certificates of Deposit	-	3,151,382	-
Beneficial Interest in Assets Held by Community Foundation of the Fox Valley	-	-	33,816
Total	<u>\$ 167,062</u>	<u>\$ 5,992,714</u>	<u>\$ 33,816</u>

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

Custodial Credit Risk

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

As of December 31, 2021, \$2,641,697 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2021, the City held repurchase agreement investments of \$11,707,300 of which the underlying securities are, held by the investment's counterparty, not in the name of the City.

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Money Market Mutual Funds	\$ 925,952	\$ -	\$ -	\$ -	\$ 925,952
Mutual Bond Funds	368,811	-	-	-	368,811
U.S. Treasuries	1,657,285	-	-	-	1,657,285
U.S. Agency Securities	982,298	-	-	982,298	-
Negotiable Certificates of Deposit	3,151,382	-	-	-	3,151,382
WISC Investments					
LTD Series	1,185,395	-	-	-	1,185,395
TS Series	881,482	-	-	-	881,482
Wisconsin Local Government Investment Pool	23,598,733	-	-	-	23,598,733
Totals	<u>\$ 32,751,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 982,298</u>	<u>\$ 31,769,040</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. At December 31, 2021, the City had no investments in one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of December 31, 2021, the Wisconsin Local Government Investment Pool had a weighted average maturity of 74 days. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money Market Mutual Funds	\$ 925,952	\$ 925,952	\$ -	\$ -	\$ -
Mutual Funds	368,811	368,811	-	-	-
U.S. Treasuries	1,657,285	1,631,992	25,293	-	-
U.S. Agency Securities	982,298	351,407	630,891	-	-
WISC Investments					
TS Series	881,482	881,482	-	-	-
LTD Series	1,185,395	1,185,395	-	-	-
Repurchase Agreements	11,707,300	11,707,300	-	-	-
Negotiable Certificates of Deposit	3,151,382	3,151,382	-	-	-
Wisconsin Local Government Investment Pool	23,598,733	23,598,733	-	-	-
Totals	<u>\$ 44,458,638</u>	<u>\$ 43,802,454</u>	<u>\$ 656,184</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

**CITY OF KAUKAUNA, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations (Continued)

Highly Sensitive Investments	Fair Value at Year-End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 982,298

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$23,598,733 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investment in Wisconsin Investment Series Cooperative

The Wisconsin Investment Series Cooperative (WISC) is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operated under Wisconsin Intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests Utilities' funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets of the primary government on December 31, 2021 totaled \$18,510,624 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
General		
HRA Account	\$ 438,460	To be used for insurance related expenditures
Special Revenue		
Thousand Islands Environmental Center	540,770	To be used for future activities of the Environmental Center
Subdivision Fees	59	To be used for future expenditures relating to subdivisions
Grignon Home	38,023	To be used for future activities of the Grignon Home
American Rescue Plan Act	851,479	To be used for future expenditures relating to the American Rescue Plan Act
Nelson Crossing	918	To be used for future activities of Nelson Crossing
Total Special Revenue	<u>1,431,249</u>	
Debt Service	1,928,823	
Capital Projects		
Special Assessments	280,222	To be used for future capital expenditures
Pools and Parks	634,603	To be used for future capital expenditures relating to space improvements
Tax Incremental District #4	63,601	To be used for future expenses relating to the tax incremental district
Tax Incremental District #5	282,083	To be used for future expenses relating to the tax incremental district
Tax Incremental District #6	476,042	To be used for future expenses relating to the tax incremental district
Tax Incremental District #8	3,654,609	To be used for future expenses relating to the tax incremental district
Tax Incremental District #9	15,240	To be used for future expenses relating to the tax incremental district
Tax Incremental District #10	50,424	To be used for future expenses relating to the tax incremental district
Environmental Remediation TID	46,225	To be used for future expenses relating to the tax incremental district
Redevelopment Authority	758,730	To be used for retirement of Taxable Redevelopment Lease Revenue
	<u>6,261,779</u>	Bonds
Total Capital Projects	<u>6,261,779</u>	
Total Governmental Activities	10,060,311	
Enterprise		
Electric Utility		
Debt Reserve	6,136,081	To be used for subsequent year payments and to reserve additional
Water Utility		
Debt Reserve/Special Redemption	725,703	To be used for subsequent year payments and to reserve additional funds for debt retirement
Unspent Bond Proceeds	441,894	To be used for future water capital projects
Total Water Utility	<u>1,167,597</u>	
Stormwater Utility		
Capital Improvements	507,806	To be used for future stormwater capital projects
Debt Reserve	126,000	To reserve additional funds for debt retirement
Total Stormwater Utility	<u>633,806</u>	
Sanitary Sewer Utility		
Debt Reserve	512,829	To reserve additional funds for debt retirement
Total Business-Type Activities	<u>8,450,313</u>	
Total Restricted Assets	<u>\$ 18,510,624</u>	

CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 8,139,670	\$ 260,065	\$ 114,696	\$ 8,285,039
Construction in Progress	8,062,235	3,941,847	524,535	11,479,547
Total Capital Assets, Nondepreciable	<u>16,201,905</u>	<u>4,201,912</u>	<u>639,231</u>	<u>19,764,586</u>
Capital Assets, Depreciable:				
Land Improvements	1,871,093	-	-	1,871,093
Buildings and Improvements	22,689,320	193,858	-	22,883,178
Machinery and Equipment	10,040,823	193,725	-	10,234,548
Infrastructure	58,690,115	3,698,719	-	62,388,834
Subtotals	<u>93,291,351</u>	<u>4,086,302</u>	<u>-</u>	<u>97,377,653</u>
Less: Accumulated Depreciation	<u>34,077,189</u>	<u>2,904,856</u>	<u>-</u>	<u>36,982,045</u>
Total Capital Assets, Depreciable, Net	<u>59,214,162</u>	<u>1,181,446</u>	<u>-</u>	<u>60,395,608</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,416,067</u>	<u>\$ 5,383,358</u>	<u>\$ 639,231</u>	80,160,194
Less: Debt Incurred for Capital Assets				54,556,459
Less: Premium				<u>1,455,066</u>
Net Investment in Capital Assets				<u>\$ 24,148,669</u>
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 2,517,811	\$ -	\$ -	\$ 2,517,811
Intangible	-	534,579	-	534,579
Construction in Progress	2,552,818	8,180,416	9,280,195	1,453,039
Total Capital Assets, Nondepreciable	<u>5,070,629</u>	<u>8,714,995</u>	<u>9,280,195</u>	<u>4,505,429</u>
Capital Assets, Depreciable:				
Buildings	25,641,914	704,459	25,448	26,320,925
Improvements Other Than Buildings	136,628,155	5,742,614	678,938	141,691,831
Machinery and Equipment	37,711,919	1,025,884	389,450	38,348,353
Infrastructure	32,620,467	1,850,035	-	34,470,502
Subtotals	<u>232,602,455</u>	<u>9,322,992</u>	<u>1,093,836</u>	<u>240,831,611</u>
Less: Accumulated Depreciation	<u>80,296,770</u>	<u>6,576,595</u>	<u>857,054</u>	<u>86,016,311</u>
Subtotals	<u>80,296,770</u>	<u>6,576,595</u>	<u>857,054</u>	<u>86,016,311</u>
Total Capital Assets, Depreciable, Net	<u>152,305,685</u>	<u>2,746,397</u>	<u>236,782</u>	<u>154,815,300</u>
Business-Type Activities Capital Assets, Net	<u>\$ 157,376,314</u>	<u>\$ 11,461,392</u>	<u>\$ 9,516,977</u>	159,320,729
Less: Capital Related Debt				79,204,722
Less: Debt Premium				4,374,270
Add: Deferred Charge on Refunding				<u>(663,636)</u>
Net Investment in Capital Assets				<u>\$ 76,405,373</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities		
General Government	\$	370,062
Public Safety		226,084
Public Works		2,016,585
Culture and Recreation		<u>292,125</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>2,904,856</u>
Business-Type Activities		
Kaukauna Utilities	\$	6,090,137
Stormwater Utility		157,738
Sanitary Sewer Utility		<u>328,720</u>
Total Increase in Accumulated Depreciation - Business-Type Activities	<u>\$</u>	<u>6,576,595</u>

The Utilities holds nonutility property consisting of land and buildings and improvements totaling \$317,525, net of accumulated depreciation.

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2021 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	\$ 1,553,634	\$ 13,980
Debt Service Fund	5,396,120	-
Nonmajor Governmental Funds		
Industrial Park	-	240,000
Special Assessments	-	71,242
Streets & Sidewalks Fund	-	599,563
Environmental Remediation TID	-	750,206
Tax Incremental District #4	-	171,120
Tax Incremental District #5	-	4,575,000
Tax Incremental District #8	-	298,118
Tax Incremental District #9	-	111,300
Tax Incremental District #10	-	165,313
Tax Incremental District #11	-	13,114
Grignon Home		22,019
Nelson Crossing		216
Solid Waste	62,133	-
Enterprise Funds		
Kaukauna Utilities	256,418	837,416
Stormwater Utility	218,697	-
Sanitary Sewer Utility	<u>552,800</u>	<u>171,195</u>
Totals	<u>\$ 8,039,802</u>	<u>\$ 8,039,802</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers (Continued)

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

Fund	Transfer In	Transfer Out
General	\$ 2,830,846	\$ -
Debt Service	1,778,054	-
Nonmajor Governmental	3,272,583	5,329,637
Kaukauna Utilities	-	2,439,344
Stormwater utility	91,000	98,533
Sanitary Sewer	39,000	143,969
Total	<u>\$ 8,011,483</u>	<u>\$ 8,011,483</u>

Transfers are used for the following purposes:

Tax Equivalent Payment Made by Water and Electric Utility to General Fund	\$ 2,467,295
Administration Fees from the Storm Water and Sewer Utilities	98,533
Tax Incremental District Transfers for Debt Retirement	1,778,054
To Finance Construction Project Costs	3,272,583
To Move Unrestricted Revenues to the fund that is Required or Allowed to Expend	<u>395,018</u>
Transfers - Fund Statements	8,011,483
Less: Eliminating Transfers Out	<u>(5,459,637)</u>
Transfers - Government-Wide Statements	<u>\$ 2,551,846</u>

E. Long-Term Obligations

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt					
Bonds	\$ 9,634,998	\$ -	\$ 635,000	\$ 8,999,998	\$ 665,000
Notes	33,757,652	8,880,000	3,423,130	39,214,522	3,834,520
Total General Obligation Debt	<u>43,392,650</u>	<u>8,880,000</u>	<u>4,058,130</u>	<u>48,214,520</u>	<u>4,499,520</u>
Taxable Redevelopment Lease					
Revenue Bonds	8,500,000	-	425,000	8,075,000	425,000
Premium on Outstanding Debt	1,251,064	347,893	143,891	1,455,066	-
Compensated Absences	601,119	16,973	9,461	608,631	152,158
Governmental Activities					
Long-Term Obligations	<u>\$ 53,744,833</u>	<u>\$ 9,244,866</u>	<u>\$ 4,636,482</u>	<u>\$ 58,353,217</u>	<u>\$ 5,076,678</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Business-Type Activities:					
General Obligation Debt					
Notes	\$ 1,322,350	\$ -	\$ 421,870	\$ 900,480	\$ 240,480
Total General Obligation Debt	1,322,350	-	421,870	900,480	240,480
Revenue Bonds	82,550,000	-	4,235,000	78,315,000	4,385,000
Premium on Outstanding Debt	4,878,795	-	504,526	4,374,269	-
Compensated Absences	20,855	-	4,520	16,335	-
Business-Type Activities					
Long-Term Obligations	<u>\$ 88,772,000</u>	<u>\$ -</u>	<u>\$ 5,165,916</u>	<u>\$ 83,606,084</u>	<u>\$ 4,625,480</u>

Total interest paid during the year on long-term debt totaled \$4,187,464.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
General Obligation Notes	08/01/12	04/01/22	2.00 - 3.00%	\$ 2,800,000	\$ 800,000
General Obligation Notes	09/04/13	12/31/23	2.00 - 4.00%	1,125,000	425,000
General Obligation Notes	05/20/14	11/01/24	2.00 - 3.00%	875,000	150,000
General Obligation Notes	05/20/14	11/01/24	2.00 - 4.00%	1,000,000	425,000
General Obligation Notes	09/02/14	09/01/24	1.50 - 3.00%	1,300,000	850,000
General Obligation Bonds	03/17/15	09/01/25	2.00 - 3.00%	2,435,000	810,000
General Obligation Bonds	09/01/15	12/01/27	2.00 - 4.00%	1,650,000	1,275,000
General Obligation Notes	09/01/15	12/01/25	2.00 - 3.00%	3,550,000	2,095,000
General Obligation Notes	11/01/16	11/01/24	2.00 - 3.00%	1,525,000	625,000
General Obligation Bonds	08/15/17	12/01/30	2.00 - 3.00%	1,565,000	1,135,000
General Obligation Notes	08/15/17	12/01/17	2.00 - 3.00%	8,450,000	7,000,000
General Obligation Notes	09/05/18	06/01/28	2.00 - 3.25%	5,200,000	4,865,000
General Obligation Bonds	10/30/19	06/01/28	1.95 - 2.50%	6,305,000	4,700,000
General Obligation Notes	10/30/19	09/01/29	2.00 - 3.00%	5,025,000	5,780,000
General Obligation Notes	09/03/20	09/01/30	1.00 - 2.00%	9,800,000	9,300,000
General Obligation Notes	09/01/21	09/01/31	0.35 - 1.85%	5,200,000	5,200,000
General Obligation Notes	09/01/21	09/01/31	2.00 - 3.00%	3,680,000	3,680,000
Total Outstanding General Obligation Debt					<u>\$ 49,115,000</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$49,115,000 on December 31, 2021 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,499,520	\$ 1,121,180	\$ 240,480	\$ 23,407	\$ 4,740,000	\$ 1,144,587
2023	4,765,000	1,012,820	180,000	17,100	4,945,000	1,029,920
2024	4,911,000	889,310	224,000	11,040	5,135,000	900,350
2025	4,869,000	769,637	256,000	3,840	5,125,000	773,477
2026	6,060,000	654,452	-	-	6,060,000	654,452
2027-2031	23,110,000	1,200,955	-	-	23,110,000	1,200,955
Total	<u>\$ 48,214,520</u>	<u>\$ 5,648,354</u>	<u>\$ 900,480</u>	<u>\$ 55,387</u>	<u>\$ 49,115,000</u>	<u>\$ 5,703,741</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2021 was \$16,605,565 as follows:

Equalized Valuation of the City	\$ 1,314,411,300
Statutory Limitation Percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	65,720,565
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>49,115,000</u>
Legal Margin for New Debt	<u>\$ 16,605,565</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2021 totaled \$78,315,000 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Kaukauna Utilities					
Electric Utility					
Revenue Bond	02/01/12	12/15/22	2.75-3.625%	\$ 1,300,000	\$ 150,000
Revenue Bond	06/02/15	12/15/30	2.0-4.0%	9,415,000	4,900,000
Revenue Bond	12/15/15	12/15/25	2.0-3.0%	3,365,000	1,865,000
Revenue Bond	03/08/18	12/15/37	4.0%	11,150,000	9,750,000
Revenue Bond	10/09/18	12/15/28	3.00-5.00%	10,130,000	7,255,000
Revenue Bond	09/10/19	12/15/35	2.6-3.0%	20,275,000	19,985,000
Revenue Bond	12/15/20	12/15/30	3.0-4.0%	16,320,000	15,645,000
Total Electric Utility Revenue Bonds					<u>59,550,000</u>
Water Utility					
Revenue Bond	08/29/14	12/01/23	2.0-2.65%	2,500,000	850,000
Revenue Bond	10/03/17	12/01/37	2.0-3.25%	3,950,000	3,800,000
Revenue Bond	12/30/20	12/04/40	2.0-3.0%	3,085,000	2,965,000
Total Water Utility Revenue Bonds					<u>7,615,000</u>
Stormwater					
Revenue Bond	11/01/16	09/01/31	2.0-3.25%	1,350,000	975,000
Revenue Bond	10/30/19	09/01/24	2.625%	3,800,000	3,800,000
					<u>4,775,000</u>
Sanitary Sewer					
Revenue Bond	09/04/13	09/01/28	3.00-5.00%	1,950,000	1,025,000
Revenue Bond	09/01/15	09/01/30	3.00-4.00%	1,225,000	800,000
Revenue Bond	11/01/16	09/01/31	3.00-3.25%	1,225,000	925,000
Revenue Bond	09/05/18	09/01/33	2.00-4.00%	1,190,000	1,075,000
Revenue Bond	10/30/19	09/01/24	2.625%	2,550,000	2,550,000
Total Sanitary Sewer Revenue Bonds					<u>6,375,000</u>
Total Outstanding Revenue Bonds					<u>\$ 78,315,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$78,315,000 on December 31, 2021 are detailed below:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,385,000	\$ 2,636,640	\$ 7,021,640
2023	4,545,000	2,479,665	7,024,665
2024	10,775,000	2,316,834	13,091,834
2025	4,600,000	1,982,821	6,582,821
2026	4,750,000	1,811,097	6,561,097
2027-2031	25,225,000	6,361,060	31,586,060
2032-2036	22,010,000	2,118,107	24,128,107
2037	2,025,000	84,312	2,109,312
Total	<u>\$ 78,315,000</u>	<u>\$ 19,790,536</u>	<u>\$ 98,105,536</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Utility Revenues Pledged

The electric, water, storm water, and sanitary sewer utility enterprise funds have pledged future electric, water, storm water, and sanitary sewer customer revenues, net of specified operating expenses, to repay the revenue bonds through 2037, 2037, 2031, and 2033, respectively. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. A summary of net customer revenues and remaining principal and interest due on revenue bonds follows:

	<u>Kaukauna Utilities</u>			
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Stormwater Utility</u>	<u>Sanitary Sewer Utility</u>
Net Customer Revenues				
Operating Revenues	\$ 48,081,319	\$ 4,101,110	\$ 1,261,593	\$ 3,502,940
Other Income	<u>437,173</u>	<u>5,434</u>	<u>2,150</u>	<u>1,923</u>
Total Revenues	48,518,492	4,106,544	1,263,743	3,504,863
Less: Operating Expenses	<u>38,332,208</u>	<u>2,409,633</u>	<u>313,315</u>	<u>2,357,892</u>
Net Customer Revenues	<u>\$ 10,186,284</u>	<u>\$ 1,696,911</u>	<u>\$ 950,428</u>	<u>\$ 1,146,971</u>
Debt Service				
Principal	\$ 3,265,000	\$ 570,000	\$ 75,000	\$ 325,000
Interest	<u>2,181,730</u>	<u>230,591</u>	<u>128,750</u>	<u>214,469</u>
Total Debt Service	<u>\$ 5,446,730</u>	<u>\$ 800,591</u>	<u>\$ 203,750</u>	<u>\$ 539,469</u>
Remaining Principal and Interest	<u>\$ 75,796,404</u>	<u>\$ 9,676,475</u>	<u>\$ 5,241,750</u>	<u>\$ 7,390,907</u>

Taxable Redevelopment Lease Revenue Bonds

Taxable redevelopment lease revenue bond debt service requirements are financed from operations of the Redevelopment Authority. Revenue bond debt outstanding on December 31, 2021 totaled \$8,075,000 and was composed of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Lease Revenue Bond	7/1/15	12/1/40	2.00 - 4.125%	\$ 10,500,000	<u>\$ 8,075,000</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Taxable Redevelopment Lease Revenue Bonds (Continued)

Annual principal maturities of the outstanding debt of \$8,075,000 on December 31, 2021 are detailed below:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 425,000	\$ 311,844	\$ 736,844
2023	425,000	294,844	719,844
2024	425,000	277,844	702,844
2025	425,000	260,844	685,844
2026	425,000	243,844	668,844
2027-2031	2,125,000	971,656	3,096,656
2032-2036	2,125,000	564,984	2,689,984
2037-2040	1,700,000	140,250	1,840,250
Total	<u>\$ 8,075,000</u>	<u>\$ 3,066,110</u>	<u>\$ 11,141,110</u>

F. Pension Plan

Wisconsin Retirement System

1. Plan Description

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

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

1. Plan Description (Continued)

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

The WRS also provides death and disability benefits for employees.

2. 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:

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

2. Postretirement Adjustments (Continued)

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

3. Contributions

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

During the year ending December 31, 2021, the WRS recognized \$1,117,295 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Executives and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

At December 31, 2021, the City reported an asset of \$5,921,557 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.09484905%, which was an increase of 0.00046238% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$648,157.

At December 31, 2021, the City 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	\$ 8,570,310	\$ 1,846,029
Net differences Between Projected and Actual Earnings on Pension Plan Investments	-	11,117,241
Changes in Assumptions	134,312	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,834	7,052
Employer Contributions Subsequent to the Measurement Date	1,117,295	-
Total	\$ 9,829,751	\$ 12,970,322

\$1,117,295 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ (1,095,798)
2023	(298,730)
2024	(2,012,001)
2025	(851,337)
Total	<u>\$ (4,257,866)</u>

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51.0 %	7.2 %	4.7 %
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	33.0
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6 %	4.1 %
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0 %	6.6 %	4.1 %
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0 %	7.1 %	4.6 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.0% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

Sensitivity of the City’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,636,502	\$ (5,921,557)	\$ (14,410,866)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

6. Payables to the Pension Plan

At December 31, 2021, the City has outstanding amount of contributions to the pension plan of \$173,800 for the year ended December 31, 2021.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payables to the Pension Plan (Continued)

Defined Contribution Pension Plan

The City contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by Glatfelter Specialty Benefits/VFIS.

The City determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2021, the City contributed \$3,145 to the plan, and the City recognized pension expense of \$3,145.

G. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2021 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 1,203,293	\$ 508,892	\$ 159,809	\$ 147,007
Single-Employer Defined OPEB Plan	8,037,054	924,515	851,657	492,298
Total Pension Liability	<u>\$ 9,240,347</u>	<u>\$ 1,433,407</u>	<u>\$ 1,011,466</u>	<u>\$ 639,305</u>

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the Utilities, fire and police, and elected and appointed. Eligible retired employees have access to group medical coverage through the City's group plan until they reach the age of 65. The retired employee is required to have served 15 years for the City in order to be eligible.

Benefits Provided

The City provides medical (including prescription drugs) for retired employees through the City's insured plans.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	18
Active Employees	145
Total	163

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. The retired employee contributes a percentage of the premium based on the number of years they retire after eligibility for Wisconsin Retirement (currently age 55).

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.25%
Salary Increases:	2%
Inflation	3.00%
Seniority/Merit	0.1%-5.6%
Investment Rate of Return:	2.06%
Healthcare Cost Trend Rates:	4.10% for 2021 increasing to 5.0%

Mortality rates are the same as those used in the December 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the January 1, 2018 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study".

The discount rate of 2.06% used for all years of benefit payments was based on the current yield for 20 year, tax-exempt AA Municipal bond rate or higher as of the measurement date.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Total OPEB Liability (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 2.06%. The projection of cash flows used to determine the discount rate assumed that Utilities contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB
Balance at December 31, 2020	\$ 7,924,737
Changes for the Year:	
Service Cost	322,333
Interest	163,634
Change in Assumptions	38,653
Benefit Payments	(412,303)
Net Changes	112,317
Balance at December 31, 2021	\$ 8,037,054

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current rate:

	1% Decrease to Discount Rate (1.06%)	Current Discount Rate (2.06%)	1% Increase to Discount Rate (3.06%)
Total OPEB Liability	\$ 8,707,389	\$ 8,037,054	\$ 7,416,433

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0% decreasing to 1.0%) or 1-percentage-point higher (7.0% decreasing to 3.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Total OPEB Liability	\$ 7,101,099	\$ 8,037,054	\$ 9,144,521

OPEB Expense

For the year ended December 31, 2021, the City recognized OPEB expense of \$492,298.

As of December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 851,657
Changes in Assumptions	924,515	-
Total	<u>\$ 924,515</u>	<u>\$ 851,657</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the upcoming years:

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ 6,331
2023	6,331
2024	6,331
2025	6,331
2026	6,331
Thereafter	41,203
Total	<u>\$ 72,858</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Payable to the OPEB Plan.

At December 31, 2021, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2021.

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are listed below:

Life Insurance Member Contribution Rates* For the Year Ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the year ending December 31, 2021, the LRLIF recognized \$4,182 in contributions from the employer.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the City reported a liability of \$1,203,293 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.21875200%, which was a decrease of .00778200% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$147,007.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 57,417
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	17,520	-
Changes in Assumptions	468,098	82,562
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>23,274</u>	<u>19,830</u>
Total	<u>\$ 508,892</u>	<u>\$ 159,809</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ 64,463
2023	62,569
2024	60,617
2025	55,644
2026	70,311
Thereafter	<u>35,479</u>
Total	<u>\$ 349,083</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

Actuarial assumptions. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single discount rate. A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
City's Proportionate Share of the Net OPEB Liability	\$ 1,636,824	\$ 1,203,293	\$ 875,428

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

Payable to the OPEB Plan

At December 31, 2021, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2021.

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2021, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and Prepaid Items	\$ 89,611
Delinquent Taxes	144
Total Nonspendable Fund Balance	\$ 89,755

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. 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, 2021, restricted fund balance was as follows:

Debt Service Fund		
Restricted for		
Debt Service	\$	5,686,247
Special Revenue Fund		
Restricted for		
Donations		345,309
Capital Projects Fund		
Restricted for		
Debt Service		787,714
Total Restricted Fund Balance	\$	<u>6,819,270</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2021, governmental fund balance was committed as follows:

Special Revenue Funds		
Committed for		
Subdivision Fees	\$	175,554
Capital Projects Fund		
Committed for		
Streets and Sidewalks		657,655
Equipment		322,842
Pools and Parks		1,387,422
Buildings and Miscellaneous		744,057
Total Committed Fund Balance	\$	<u>3,287,530</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. 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, 2021, fund balance was assigned as follows:

General Fund		
Subsequent Year's Expenditures	\$	410,000
Special Revenue Funds		
1000 Islands Environmental Center		183,142
Revolving Economic Development Loans		869,187
Rental Rehabilitation Grants		3,165
Housing Development Grants		28,670
CDBG Grant		140,537
Public Safety Grants		138,115
Library Foundation		33,816
PACE Loan Fund		40,975
Vehicle Registration		120,125
Solid Waste		111,458
Red Hill Landfill		170,487
Library Special Use		14,412
Subtotal		<u>1,854,089</u>
Capital Projects Funds		
Assigned for Subsequent Year's Expenditures		
Industrial Park		93,347
Special Assessments		1,293,604
Tax Incremental District #4		290,162
Tax Incremental District #6		153,956
Tax Incremental District #8		3,516,727
Subtotal		<u>5,347,796</u>
Total		<u>\$ 7,611,885</u>

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION

A. WIPPI Energy Contract (WPPI)

The Kaukauna Electric Utility purchases its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The Kaukauna Electric Utility is one of 51 members of WPPI located throughout the States of Wisconsin, Iowa, and Michigan. On December 31, 1989, each of WPPI's members, including the City of Kaukauna, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract has been amended to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

Under the Long-Term Contract, the Kaukauna Electric Utility and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its board of directors, which consists of representatives from each member municipality. The Kaukauna Electric Utility has agreed to charge rates to the retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Kaukauna electric system payable from any operating and maintenance fund established by the Kaukauna Electric Utility.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

Electric power purchases by the Kaukauna Electric Utility from the WPPI for distribution to its customers under the above arrangement amounted to approximately \$29.2 million in 2021.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for eight Tax Incremental Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each 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 City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)(2), the Statutes allow a tax incremental district to incur project costs up to five years prior to termination of the district. The City’s TID No. 4 was created in September, 2000, TID No. 5 was created in September, 2003, the Environmental Remediation TID (ERTID) was created September 2005, TID No. 6 was created in September, 2006, TID No. 7 was created in September, 2012, TID No. 8 was created in September, 2013, TID No. 9 was created in September 2016, and TID No. 10 was created in September 2019, and TID No. 11 was created in September 2021. All TID’s are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. Detail of the amounts recoverable by the City as of December 31, 2021 from future excess tax increment revenues of the TID’s are as follows:

	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #8
Net Unreimbursed (Reimbursed) Project Costs	<u>\$ -</u>	<u>\$ 12,206,293</u>	<u>\$ 641,041</u>	<u>\$ 2,495,669</u>
	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	ERTID
Net Unreimbursed (Reimbursed) Project Costs	<u>\$ 109,206</u>	<u>\$ 717,713</u>	<u>\$ 13,114</u>	<u>\$ 1,270,222</u>

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

	Termination Year
TID No. 4	<u>2031</u>
TID No. 5	2034
TID No. 6	2026
TID No. 8	2033
TID No. 9	2043
TID No. 10	2040
TID No. 11	2041

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Risk Management

The City 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 City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceed coverage amounts in the past three years.

D. Contingencies

From time to time, the City 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 that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

E. Enterprise Funds – Significant Customers

The utility has two significant customers who were responsible for 24% of operating revenues.

F. Prior Period Adjustment

The City recorded prior period adjustments to increase deferred inflows by \$1,980,000 for grants and donations, which resulted in a decrease in fund balance in the governmental funds in the amount of \$1,980,000.

G. Subsequent Events

On May 3, 2022, The City issued \$6,000,000 in General Obligation Promissory Notes, Series 2022A to be paid annually through March of 2032. On June 3, 2022, The City issued \$8,095,000 in Sanitary Sewer System Revenue bonds, Series 2022B to be paid annually through September of 2042, and \$9,140,000 in Storm Water System Revenue Bonds, Series 2022C to be paid annually through September 2042.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) —
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.09136299%	\$ (2,244,125)	\$ 10,905,307	20.58 %	102.74 %
12/31/15	0.09115131%	1,481,191	10,808,317	13.70 %	98.20 %
12/31/16	0.09216838%	759,688	11,279,812	6.73 %	99.12 %
12/31/17	0.09272600%	(2,753,143)	11,297,910	24.37 %	102.93 %
12/31/18	0.09416558%	3,350,116	11,511,788	29.10 %	96.45 %
12/31/19	0.09438667%	(3,043,457)	11,899,616	25.58 %	102.96 %
12/31/20	0.09484905%	(5,921,557)	12,302,168	48.13 %	105.26 %

**SCHEDULE OF CONTRIBUTIONS —
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 870,444	\$ 870,444	\$ -	\$ 10,808,317	8.05 %
12/31/16	890,178	890,178	-	11,279,812	7.89 %
12/31/17	956,240	956,240	-	11,297,910	8.46 %
12/31/18	980,740	980,740	-	11,511,789	8.52 %
12/31/19	991,980	991,980	-	11,899,616	8.34 %
12/31/20	1,081,683	1,081,683	-	12,302,169	8.79 %
12/31/21	1,117,295	1,117,295	-	12,606,353	8.86 %

See Notes to Required Supplementary Information.

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 322,333	\$ 354,074	\$ 347,131	\$ 355,549
Interest	163,634	308,561	315,176	301,683
Changes of Benefit Terms	-	(343,744)	-	-
Differences Between Expected and Actual Experience	-	(1,005,945)	-	-
Changes of Assumptions	38,653	1,049,847	-	-
Benefit Payments	<u>(412,303)</u>	<u>(304,140)</u>	<u>(328,495)</u>	<u>(311,475)</u>
Net Change in Total OPEB Liability	112,317	58,653	333,812	345,757
Total OPEB Liability - Beginning	<u>7,924,737</u>	<u>7,866,084</u>	<u>7,532,272</u>	<u>7,186,515</u>
Total OPEB Liability - Ending	<u>\$ 8,037,054</u>	<u>\$ 7,924,737</u>	<u>\$ 7,866,084</u>	<u>\$ 7,532,272</u>
Covered-Employee Payroll	\$ 13,366,187	\$ 13,203,276	\$ 12,454,203	\$ 12,210,002
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	60.13%	60.02%	63.16%	61.69%

See Notes to Required Supplementary Information.

**CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.21612700%	\$ 539,434	\$ 11,297,910	4.77 %	44.81 %
12/31/18	0.21705100%	560,065	11,511,789	4.87 %	48.69 %
12/31/19	0.21097000%	898,349	11,899,616	7.55 %	37.58 %
12/31/20	0.21875200%	1,203,293	12,606,353	9.55 %	31.36 %

**SCHEDULE OF CONTRIBUTIONS —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 4,357	\$ 4,357	-	\$ 11,511,789	0.04 %
12/31/19	4,192	4,192	-	11,899,616	0.04 %
12/31/20	4,382	4,382	-	12,302,169	0.04 %
12/31/21	4,182	4,182	-	12,606,353	0.03 %

See Notes to Required Supplementary Information.

**CITY OF KAUKAUNA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

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

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Postemployment Benefit Plan

There were no changes in benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates.

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

SUPPLEMENTARY INFORMATION

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue							
	1000 Islands Environmental Center	Revolving Economic Development Loans	Rental Rehabilitation Grants	Housing Development Grants	CDBG Grant	Public Safety Grants	Library Foundation	Subdivision Fees
ASSETS								
Cash and Investments	\$ 60,970	\$ 869,187	\$ 3,165	\$ 28,670	\$ 140,537	\$ 138,115	\$ 33,816	\$ 170,804
Restricted Cash and investments	540,770	-	-	-	-	-	-	59
Receivables:								
Taxes and Special Charges	58,818	-	-	-	-	-	-	56
Accounts, Net	-	-	-	-	-	-	-	4,750
Special Assessments	-	-	-	-	-	-	-	870
Loans	-	494,716	13,960	68,200	166,047	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Total Assets	\$ 660,558	\$ 1,363,903	\$ 17,125	\$ 96,870	\$ 306,584	\$ 138,115	\$ 33,816	\$ 176,539
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 4,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	7,545	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
Total Liabilities	12,107	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Property Taxes Levied for Subsequent Year	120,000	-	-	-	-	-	-	115
Other Public Charges, Grants, and Donations	-	-	-	-	-	-	-	-
Loans Receivable	-	494,716	13,960	68,200	166,047	-	-	-
Special Assessments	-	-	-	-	-	-	-	870
Total Deferred Inflows of Resources	120,000	494,716	13,960	68,200	166,047	-	-	985
FUND BALANCES								
Restricted	345,309	-	-	-	-	-	-	-
Committed	183,142	869,187	3,165	28,670	140,537	138,115	33,816	175,554
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	528,451	869,187	3,165	28,670	140,537	138,115	33,816	175,554
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 660,558	\$ 1,363,903	\$ 17,125	\$ 96,870	\$ 306,584	\$ 138,115	\$ 33,816	\$ 176,539

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021

Special Revenue (Continued)

ASSETS	PACE Loan Fund	Grignon Home	Vehicle Registration	Solid Waste	Red Hill Landfill	American Rescue Plan Act	Nelson Crossing	Library Special Use
Cash and Investments	\$ 40,975	\$ -	\$ 120,125	\$ 48,471	\$ 170,487	\$ -	\$ -	\$ 14,412
Restricted Cash and investments	-	38,023	-	-	-	851,479	918	-
Receivables:								
Taxes and Special Charges	-	21,652	-	-	-	-	882	-
Accounts, Net	-	-	-	991	-	-	131	-
Special Assessments	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	62,133	-	-	-	-
Total Assets	\$ 40,975	\$ 59,675	\$ 120,125	\$ 111,595	\$ 170,487	\$ 851,479	\$ 1,931	\$ 14,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ 510	\$ -	\$ 137	\$ -	\$ -	\$ 45	\$ -
Accrued and Other Current Liabilities	-	2,576	-	-	-	-	-	-
Due to Other Funds	-	22,019	-	-	-	-	216	-
Unearned Revenues	-	-	-	-	-	851,479	-	-
Total Liabilities	-	25,105	-	137	-	851,479	261	-
DEFERRED INFLOWS OF RESOURCES								
Property Taxes Levied for Subsequent Year	-	44,175	-	-	-	-	1,800	-
Other Public Charges, Grants, and Donations	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	44,175	-	-	-	-	1,800	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	-
Committed	40,975	-	120,125	111,458	170,487	-	-	14,412
Unassigned	-	(9,605)	-	-	-	-	(130)	-
Total Fund Balances	40,975	(9,605)	120,125	111,458	170,487	-	(130)	14,412
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 40,975	\$ 59,675	\$ 120,125	\$ 111,595	\$ 170,487	\$ 851,479	\$ 1,931	\$ 14,412

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021

	Capital Projects								
	Industrial Park	Special Assessments	Space Needs	Streets and Sidewalks	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #8	Tax Incremental District #9
ASSETS									
Cash and Investments	\$ 333,434	\$ 1,364,879	\$ 236,115	\$ -	\$ 425,275	\$ 310,187	\$ 153,956	\$ -	\$ 2,095
Restricted Cash and investments	-	280,222	-	-	63,601	282,083	476,042	3,654,609	15,240
Receivables:									
Taxes and Special Charges	-	269,391	-	-	61,143	224,458	457,641	57,305	14,651
Accounts, Net	-	-	-	-	36,007	-	-	220,000	-
Special Assessments	-	3,572,800	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	77,012	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Total Assets	\$ 333,434	\$ 5,487,292	\$ 236,115	\$ 1,760,000	\$ 586,026	\$ 816,728	\$ 1,164,651	\$ 3,931,914	\$ 31,986
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 87	\$ 34	\$ 298,637	\$ 502,782	\$ -	\$ 80	\$ -	\$ 155	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-
Due to Other Funds	240,000	71,242	-	599,563	171,120	4,575,000	-	298,118	111,300
Unearned Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	240,087	71,276	298,637	1,102,345	171,120	4,575,080	-	298,273	111,300
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for Subsequent Year	-	549,613	-	-	124,744	457,940	933,683	116,914	29,891
Special Charges Assessed	-	-	-	1,760,000	-	-	-	220,000	-
Loans Receivable	-	-	-	-	-	-	77,012	-	-
Special Assessments	-	3,572,799	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	4,122,412	-	1,760,000	124,744	457,940	1,010,695	336,914	29,891
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	-	-
Committed	93,347	1,293,604	-	(1,102,345)	290,162	-	153,956	3,296,727	-
Unassigned	-	-	(62,522)	-	-	(4,216,292)	-	-	(109,205)
Total Fund Balances	93,347	1,293,604	(62,522)	(1,102,345)	290,162	(4,216,292)	153,956	3,296,727	(109,205)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 333,434	\$ 5,487,292	\$ 236,115	\$ 1,760,000	\$ 586,026	\$ 816,728	\$ 1,164,651	\$ 3,931,914	\$ 31,986

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021

		Capital Projects (Continued)							
ASSETS	Tax Incremental District #10	Tax Incremental District #11	Environmental Remediation TID	Equipment	Pool and Parks	RDA	Buildings and Miscellaneous	Total	
Cash and Investments	\$ -	\$ -	\$ -	\$ 492,184	\$ 961,089	\$ 28,984	\$ 744,057	\$ 6,891,989	
Restricted Cash Ind investments	50,424	-	46,225	-	634,603	758,730	-	7,693,028	
Receivables									
Taxes and Special Charges	48,475	-	44,439	-	-	-	-	1,258,911	
Accounts, Net	-	-	-	-	-	-	-	261,879	
Special Assessments	-	-	-	-	-	-	-	3,573,670	
Loans	-	-	-	-	-	-	-	819,935	
Due from Other Funds	-	-	-	-	-	-	-	62,133	
Total Assets	\$ 98,899	\$ -	\$ 90,664	\$ 492,184	\$ 1,595,692	\$ 787,714	\$ 744,057	\$ 22,321,545	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ 16	\$ 169,342	\$ 208,270	\$ -	\$ -	\$ 1,184,657	
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	10,121	
Due to Other Funds	165,313	13,114	750,206	-	-	-	-	7,017,211	
Unearned Revenues	-	-	-	-	-	-	-	851,479	
Total Liabilities	165,313	13,114	750,222	169,342	208,270	-	-	9,063,468	
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for Subsequent Year	98,899	-	90,664	-	-	-	-	2,568,438	
Other Public Charges, Grants, and Donations	-	-	-	-	-	-	-	1,980,000	
Loans Receivable	-	-	-	-	-	-	-	819,935	
Special Assessments	-	-	-	-	-	-	-	3,573,669	
Total Deferred Inflows of Resources	98,899	-	90,664	-	-	-	-	8,942,042	
FUND BALANCES									
Restricted	-	-	-	-	-	787,714	-	1,133,023	
Committed	-	-	-	322,842	1,387,422	-	744,057	8,509,415	
Unassigned	(165,313)	(13,114)	(750,222)	-	-	-	-	(5,326,403)	
Total Fund Balances	(165,313)	(13,114)	(750,222)	322,842	1,387,422	787,714	744,057	4,316,035	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 98,899	\$ -	\$ 90,664	\$ 492,184	\$ 1,595,692	\$ 787,714	\$ 744,057	\$ 22,321,545	

**CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue							
	1000 Islands Environmental Center	Revolving Economic Development Loans	Rental Rehabilitation Grants	Housing Development Grants	CDBG Grant	Public Safety Grants	Library Foundation	Subdivision Fees
REVENUES								
Taxes	\$ 192,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230
Special Assessments	-	-	-	-	-	-	-	28,993
Intergovernmental	25,000	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	9,523	-	-
Public Charges for Services	13,689	-	-	-	-	10,950	-	-
Miscellaneous	105,842	243,090	-	-	29,329	-	3,778	-
Total Revenues	<u>337,034</u>	<u>243,090</u>	<u>-</u>	<u>-</u>	<u>29,329</u>	<u>20,473</u>	<u>3,778</u>	<u>29,223</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	16,653	-	-
Public Works	-	-	-	-	-	-	-	-
Culture and Recreation	263,665	-	-	-	-	-	1,372	-
Conservation and Development	5,798	189,488	-	60	-	-	-	-
Debt Service:								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>269,463</u>	<u>189,488</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>16,653</u>	<u>1,372</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	67,571	53,602	-	(60)	29,329	3,820	2,406	29,223
OTHER FINANCING SOURCES (USES)								
Long-Term Debt Issued	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	67,571	53,602	-	(60)	29,329	3,820	2,406	29,223
Fund Balance - Beginning of Year	460,880	815,585	3,165	28,730	111,208	134,295	31,410	146,331
Prior Period Adjustment	-	-	-	-	-	-	-	-
Fund Balance - End of Year, as Restated	<u>460,880</u>	<u>815,585</u>	<u>3,165</u>	<u>28,730</u>	<u>111,208</u>	<u>134,295</u>	<u>31,410</u>	<u>146,331</u>
FUND BALANCE - END OF YEAR	<u>\$ 528,451</u>	<u>\$ 869,187</u>	<u>\$ 3,165</u>	<u>\$ 28,670</u>	<u>\$ 140,537</u>	<u>\$ 138,115</u>	<u>\$ 33,816</u>	<u>\$ 175,554</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Special Revenue (Continued)

	PACE Loan Fund	Grignon Home	Vehicle Registration	Solid Waste	Red Hill Landfill	American Rescue Plan Act	Nelson Crossing	Library Special Use
REVENUES								
Taxes	\$ -	\$ 20,000	\$ 153,167	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	35,500	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	369,910	89,287	-	-	-
Miscellaneous	-	7,899	-	7,460	-	-	-	16,775
Total Revenues	<u>-</u>	<u>63,399</u>	<u>153,167</u>	<u>377,370</u>	<u>89,287</u>	<u>-</u>	<u>-</u>	<u>16,775</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	199,770	-	-	-	-
Culture and Recreation	-	91,351	-	-	-	-	130	2,363
Conservation and Development	-	-	-	-	-	-	-	-
Debt Service:								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>91,351</u>	<u>-</u>	<u>199,770</u>	<u>-</u>	<u>-</u>	<u>130</u>	<u>2,363</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(27,952)	153,167	177,600	89,287	-	(130)	14,412
OTHER FINANCING SOURCES (USES)								
Long-Term Debt Issued	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(235,000)	(149,000)	(58,583)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(235,000)</u>	<u>(149,000)</u>	<u>(58,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(27,952)	(81,833)	28,600	30,704	-	(130)	14,412
Fund Balance - Beginning of Year	40,975	18,347	201,958	82,858	139,783	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-
Fund Balance - End of Year, as Restated	<u>40,975</u>	<u>18,347</u>	<u>201,958</u>	<u>82,858</u>	<u>139,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 40,975</u>	<u>\$ (9,605)</u>	<u>\$ 120,125</u>	<u>\$ 111,458</u>	<u>\$ 170,487</u>	<u>\$ -</u>	<u>\$ (130)</u>	<u>\$ 14,412</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Capital Projects								
	Industrial Park	Special Assessments	Space Needs	Streets and Sidewalks	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #8	Tax Incremental District #9
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 80,550	\$ 473,699	\$ 987,804	\$ 119,243	\$ 26,242
Special Assessments	-	1,218,275	-	-	-	-	-	-	-
Intergovernmental	-	-	-	50,083	12,948	3,596	8,959	13,987	428
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	-	-	-	-	-	-
Miscellaneous	131,742	117,962	-	872	-	-	94,502	75,357	-
Total Revenues	<u>131,742</u>	<u>1,336,237</u>	<u>-</u>	<u>50,955</u>	<u>93,498</u>	<u>477,295</u>	<u>1,091,265</u>	<u>208,587</u>	<u>26,670</u>
EXPENDITURES									
Current:									
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Conservation and Development	-	-	-	-	-	5,096	-	-	-
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	-	-	80,000	-	-
Capital Outlay	974	60,759	2,698,142	3,231,590	8,597	(2,170)	18,304	39,731	20,149
Total Expenditures	<u>974</u>	<u>60,759</u>	<u>2,698,142</u>	<u>3,231,590</u>	<u>8,597</u>	<u>2,926</u>	<u>18,304</u>	<u>119,731</u>	<u>20,149</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	130,768	1,275,478	(2,698,142)	(3,180,635)	84,901	474,369	1,072,961	88,856	6,521
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	1,150,000	2,276,500	-	-	-	3,680,000	-
Transfers In	-	-	-	2,414,000	500,000	300,000	-	-	-
Transfers Out	-	(2,744,000)	-	-	(79,000)	(633,660)	(1,001,050)	(231,175)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,744,000)</u>	<u>1,150,000</u>	<u>4,690,500</u>	<u>421,000</u>	<u>(333,660)</u>	<u>(1,001,050)</u>	<u>3,448,825</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	130,768	(1,468,522)	(1,548,142)	1,509,865	505,901	140,709	71,911	3,537,681	6,521
Fund Balance - Beginning of Year	<u>(37,421)</u>	<u>2,762,126</u>	<u>1,485,620</u>	<u>(852,210)</u>	<u>(215,739)</u>	<u>(4,357,001)</u>	<u>82,045</u>	<u>(20,954)</u>	<u>(115,726)</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,760,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>-</u>
Fund Balance - End of Year, as Restated	<u>(37,421)</u>	<u>2,762,126</u>	<u>1,485,620</u>	<u>(2,612,210)</u>	<u>(215,739)</u>	<u>(4,357,001)</u>	<u>82,045</u>	<u>(240,954)</u>	<u>(115,726)</u>
FUND BALANCE - END OF YEAR	<u>\$ 93,347</u>	<u>\$ 1,293,604</u>	<u>\$ (62,522)</u>	<u>\$ (1,102,345)</u>	<u>\$ 290,162</u>	<u>\$ (4,216,292)</u>	<u>\$ 153,956</u>	<u>\$ 3,296,727</u>	<u>\$ (109,205)</u>

CITY OF KAUKAUNA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Capital Projects (Continued)								
	Tax Incremental District #10	Tax Incremental District #11	Environmental Remediation TID	Equipment	Pool and Parks	RDA	Buildings and Miscellaneous	Total
REVENUES								
Taxes	\$ 8,523	\$ -	\$ 92,305	\$ -	\$ -	\$ -	\$ -	\$ 2,154,266
Special Assessments	-	-	-	-	-	-	-	1,247,268
Intergovernmental	-	-	(752)	-	600,000	-	-	749,749
Fines and Forfeits	-	-	-	-	-	-	-	9,523
Public Charges for Services	-	-	-	-	-	-	-	483,836
Miscellaneous	-	-	-	394	1,016,024	71	546	1,851,643
Total Revenues	<u>8,523</u>	<u>-</u>	<u>91,553</u>	<u>394</u>	<u>1,616,024</u>	<u>71</u>	<u>546</u>	<u>6,496,285</u>
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	16,653
Public Works	-	-	-	-	-	-	-	199,770
Culture and Recreation	-	-	-	-	-	-	-	358,881
Conservation and Development	150	-	-	-	-	-	-	200,592
Debt Service:								
Interest and Fiscal Charges	-	-	-	-	-	612	-	80,612
Capital Outlay	-	13,114	50,117	363,822	1,565,927	2,874	34,762	8,106,692
Total Expenditures	<u>150</u>	<u>13,114</u>	<u>50,117</u>	<u>363,822</u>	<u>1,565,927</u>	<u>3,486</u>	<u>34,762</u>	<u>8,963,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,373	(13,114)	41,436	(363,428)	50,097	(3,415)	(34,216)	(2,466,915)
OTHER FINANCING SOURCES (USES)								
Long-Term Debt Issued	-	-	-	379,000	934,500	-	460,000	8,880,000
Transfers In	-	-	-	-	58,583	-	-	3,272,583
Transfers Out	(46,488)	-	(151,681)	-	-	-	-	(5,329,637)
Total Other Financing Sources (Uses)	<u>(46,488)</u>	<u>-</u>	<u>(151,681)</u>	<u>379,000</u>	<u>993,083</u>	<u>-</u>	<u>460,000</u>	<u>6,822,946</u>
NET CHANGE IN FUND BALANCES	(38,115)	(13,114)	(110,245)	15,572	1,043,180	(3,415)	425,784	4,356,031
Fund Balance - Beginning of Year	(127,198)	-	(639,977)	307,270	344,242	791,129	318,273	1,940,004
Prior Period Adjustment	-	-	-	-	-	-	-	(1,980,000)
Fund Balance - End of Year, as Restated	(127,198)	-	(639,977)	307,270	344,242	791,129	318,273	(39,996)
FUND BALANCE - END OF YEAR	<u>\$ (165,313)</u>	<u>\$ (13,114)</u>	<u>\$ (750,222)</u>	<u>\$ 322,842</u>	<u>\$ 1,387,422</u>	<u>\$ 787,714</u>	<u>\$ 744,057</u>	<u>\$ 4,316,035</u>

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL — DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,727,032	\$ 3,727,032	\$ 3,727,032	\$ -
EXPENDITURES				
Debt Service				
Principal	5,305,000	5,305,000	4,483,130	821,870
Interest and Fiscal Charges	1,775,893	1,775,893	1,514,783	261,110
Total Expenditures	<u>7,080,893</u>	<u>7,080,893</u>	<u>5,997,913</u>	<u>1,082,980</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(3,353,861)	(3,353,861)	(2,270,881)	1,082,980
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issued	170,582	170,582	347,893	177,311
Transfers In	3,303,279	3,303,279	1,778,054	(1,525,225)
Total Other Financing Sources (Uses)	<u>3,473,861</u>	<u>3,473,861</u>	<u>2,125,947</u>	<u>(1,347,914)</u>
NET CHANGE IN FUND BALANCE	120,000	120,000	(144,934)	(264,934)
Fund Balance - Beginning of Year	<u>5,831,181</u>	<u>5,831,181</u>	<u>5,831,181</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,951,181</u>	<u>\$ 5,951,181</u>	<u>\$ 5,686,247</u>	<u>\$ (264,934)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council
City of Kaukauna, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaukauna, Wisconsin, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2022. Our report includes a reference to other auditors who audited the financial statements of Kaukauna Utilities, as described in our report on City of Kaukauna's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-002 to be a material weakness.

To the Honorable Mayor and City Council
City of Kaukauna, 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 2021-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City of Kaukauna's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Kaukauna's Response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Kaukauna'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 20, 2022

**CITY OF KAUKAUNA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

Internal Control Over Financial Reporting

FINDING NO. CONTROL DEFICIENCIES

2021-001 Preparation of Annual Financial Report

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

Condition: Management and the Board of the City share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. 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 City's activities and operations.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Criteria or specific requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.

Cause: City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Repeat Finding: This is a repeat of Finding 2020-001.

**CITY OF KAUKAUNA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Internal Control Over Financial Reporting (Continued)

2021-001 Preparation of Annual Financial Report (Continued)

Recommendation: We recommend the City 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 System's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Views of Responsible
Officials and Planned

Corrective actions: Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review financial statements and information prior to issuance.

**CITY OF KAUKAUNA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Internal Control Over Financial Reporting (Continued)

FINDING NO. CONTROL DEFICIENCIES

2021-002 Adjustments to the City's Financial Records

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

Condition: As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements, including a prior period adjustment.

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

Cause: While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

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

Repeat Finding: This is a repeat of finding 2020-002.

Recommendation: We recommend the City continue to review the adjusting and closing entries. We are available to assist the individual in obtaining the understanding of these entries.

Views of Responsible Officials and Planned

Corrective Actions: The Finance Director will continue to review adjusting and closing entries, as well as work to implement a month-end/year-end close process to minimize the amount of adjustments made to the City's Financial Records.