

VILLAGE OF YORKVILLE, WISCONSIN

Annual Financial Report

December 31, 2023

 KerberRose

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VILLAGE OF YORKVILLE, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Village Board
Village of Yorkville
Union Grove, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Yorkville, Wisconsin (Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville, Wisconsin, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Village Board
Village of Yorkville

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System and the schedule of budgetary comparison – general fund information on pages 37 through 39 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.

To the Village Board
Village of Yorkville

Required Supplementary Information (Continued)

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of operating revenues and expenses – water, wastewater and stormwater utilities and schedule of detailed budgetary comparison – general fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior Year Summarized Information

We previously audited the Village's 2022 financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated August 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
April 15, 2024

BASIC FINANCIAL STATEMENTS

VILLAGE OF YORKVILLE, WISCONSIN

Statement of Net Position

As of December 31, 2023

With Summarized Information from December 31, 2022

	Governmental Activities	Business- Type Activities	Total	
			2023	2022
ASSETS				
Current Assets				
Cash and Investments	\$ 1,554,691	\$ 1,781,244	\$ 3,335,935	\$ 2,911,796
Receivables:				
Taxes	1,694,702	-	1,694,702	1,789,667
Accounts	7,530	121,773	129,303	138,778
Special Assessments	31,098	-	31,098	31,097
Internal Balances	(1,058,805)	1,058,805	-	-
Inventories	-	4,986	4,986	4,986
Total Current Assets	2,229,216	2,966,808	5,196,024	4,876,324
Noncurrent Assets				
Restricted Cash	914,726	524,306	1,439,032	911,810
Leases Receivables	-	120,436	120,436	142,554
Net Pension Asset	-	-	-	59,004
Capital Assets:				
Capital Assets Not Being Depreciated	300,630	160,211	460,841	81,385
Capital Assets, Net of Depreciation	4,592,883	11,565,090	16,157,973	16,419,729
Total Noncurrent Assets	5,808,239	12,370,043	18,178,282	17,614,482
Total Assets	8,037,455	15,336,851	23,374,306	22,490,806
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	161,758	-	161,758	116,138
LIABILITIES				
Current Liabilities				
Accounts Payable	96,209	47,654	143,863	250,972
Accrued Liabilities	12,120	7,215	19,335	18,588
Accrued Interest	-	20,773	20,773	34,494
Deposits	65,338	-	65,338	74,524
Deferred Revenue	31,098	-	31,098	31,097
Due to Other Governments	150,000	-	150,000	200,000
Current Portion of Long-Term Debt	-	386,837	386,837	360,988
Total Current Liabilities	354,765	462,479	817,244	970,663
Long-Term Liabilities				
Net Pension Liability	40,948	-	40,948	-
Noncurrent Portion of Long-Term Debt	-	7,581,058	7,581,058	7,551,450
Total Long-Term Liabilities	40,948	7,581,058	7,622,006	7,551,450
Total Liabilities	395,713	8,043,537	8,439,250	8,522,113
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pension	86,359	-	86,359	138,871
Deferred Inflows Related to Leases	-	120,436	120,436	142,554
Taxes Levied for Subsequent Year	2,459,261	-	2,459,261	2,453,810
Total Deferred Inflows of Resources	2,545,620	120,436	2,666,056	2,735,235
NET POSITION				
Net Investment in Capital Assets	4,893,513	3,757,406	8,650,919	8,588,676
Restricted	34,451	524,306	558,757	432,221
Unrestricted	329,916	2,891,166	3,221,082	2,328,699
TOTAL NET POSITION	\$ 5,257,880	\$ 7,172,878	\$ 12,430,758	\$ 11,349,596

See Accompanying Notes

VILLAGE OF YORKVILLE, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2023

With Summarized Information from December 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>
GOVERNMENTAL ACTIVITIES				
General Government	\$ 536,618	\$ 82,012	\$ 43,918	\$ -
Public Safety	541,704	183	33,193	-
Public Works	760,498	128,696	133,835	-
Culture and Recreation	24,200	50	-	-
Health and Human Services	3,260	-	-	-
Conservation and Development	138,981	-	-	-
Total Governmental Activities	<u>2,005,261</u>	<u>210,941</u>	<u>210,946</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	227,893	259,365	-	91,968
Wastewater Utility	695,058	395,198	500	7,313
Stormwater Utility	1,893	55,786	-	-
Total Business-Type Activities	<u>924,844</u>	<u>710,349</u>	<u>500</u>	<u>99,281</u>
TOTAL	<u>\$ 2,930,105</u>	<u>\$ 921,290</u>	<u>\$ 211,446</u>	<u>\$ 99,281</u>

GENERAL REVENUES

Taxes:
 Property Taxes, Levied for General Purposes
 Payments in Lieu of Taxes
 Other Taxes
 Room Tax
 Intergovernmental Revenues not Restricted to Specific Programs
 Investment Income
 Insurance Recoveries
 Miscellaneous

Total General Revenues

TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total	
		2023	2022
\$ (410,688)	\$ -	\$ (410,688)	\$ (371,472)
(508,328)	-	(508,328)	(407,290)
(497,967)	-	(497,967)	(221,046)
(24,150)	-	(24,150)	(20,670)
(3,260)	-	(3,260)	(3,740)
(138,981)	-	(138,981)	(1,987,565)
<u>(1,583,374)</u>	<u>-</u>	<u>(1,583,374)</u>	<u>(3,011,783)</u>
-	123,440	123,440	72,072
-	(292,047)	(292,047)	1,660,073
-	53,893	53,893	53,128
<u>-</u>	<u>(114,714)</u>	<u>(114,714)</u>	<u>1,785,273</u>
<u>(1,583,374)</u>	<u>(114,714)</u>	<u>(1,698,088)</u>	<u>(1,226,510)</u>
2,450,803	-	2,450,803	1,858,287
76	-	76	-
28,694	-	28,694	26,274
4,475	-	4,475	6,496
84,280	-	84,280	84,324
104,481	99,485	203,966	53,475
-	-	-	19,774
6,956	-	6,956	23,071
<u>2,679,765</u>	<u>99,485</u>	<u>2,779,250</u>	<u>2,071,701</u>
<u>(463,791)</u>	<u>463,791</u>	<u>-</u>	<u>-</u>
632,600	448,562	1,081,162	845,191
<u>4,625,280</u>	<u>6,724,316</u>	<u>11,349,596</u>	<u>10,504,405</u>
<u>\$ 5,257,880</u>	<u>\$ 7,172,878</u>	<u>\$ 12,430,758</u>	<u>\$ 11,349,596</u>

See Accompanying Notes

VILLAGE OF YORKVILLE, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2023
With Summarized Information from December 31, 2022

	General	TID No. 1	Total	
			2023	2022
ASSETS				
Cash and Investments	\$ 1,554,691	\$ -	\$ 1,554,691	\$ 1,194,493
Restricted Cash	598,959	315,767	914,726	515,860
Receivables				
Taxes	1,109,744	584,958	1,694,702	1,789,667
Accounts	7,530	-	7,530	11,079
Special Assessments	31,098	-	31,098	31,097
Due from Other Funds	2,491,399	-	2,491,399	2,471,920
Advances from Other Funds	-	-	-	819,438
TOTAL ASSETS	\$ 5,793,421	\$ 900,725	\$ 6,694,146	\$ 6,833,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)				
Liabilities				
Accounts Payable	\$ 96,209	\$ -	\$ 96,209	\$ 100,862
Accrued Liabilities	12,120	-	12,120	10,501
Deposits	65,338	-	65,338	74,524
Due to Other Funds	149,991	3,084,315	3,234,306	3,068,105
Advances to Other Funds	-	315,898	315,898	993,468
Due to Other Governments	-	150,000	150,000	200,000
Total Liabilities	323,658	3,550,213	3,873,871	4,447,460
Deferred Inflows of Resources				
Special Assessments	31,098	-	31,098	31,097
Taxes Levied for Subsequent Year	1,558,537	900,724	2,459,261	2,453,810
Total Deferred Inflows of Resources	1,589,635	900,724	2,490,359	2,484,907
Fund Balance (Deficit)				
Nonspendable	-	-	-	819,438
Unassigned (Deficit)	3,880,128	(3,550,212)	329,916	(918,251)
Total Fund Balance (Deficit)	3,880,128	(3,550,212)	329,916	(98,813)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 5,793,421	\$ 900,725	\$ 6,694,146	\$ 6,833,554

VILLAGE OF YORKVILLE, WISCONSIN
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 As of December 31, 2023
 With Summarized Information from December 31, 2022

	2023	2022
Total Fund Balance (Deficit)- Governmental Fund	\$ 329,916	\$ (98,813)
Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund balance (deficit) because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental Capital Assets	\$ 6,857,413	
Governmental Accumulated Depreciation	(1,963,900)	4,687,822
4,893,513		
The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.		
Net Pension Asset	-	59,004
Deferred Outflows of Resources Related to Pension	161,758	116,138
Deferred Inflows of Resources Related to Pension	(86,359)	(138,871)
75,399		
The pension liability is not due in the current period and therefore not reported in the fund statements.		
Net Pension Liability	(40,948)	-
Total Net Position - Governmental Activities	\$ 5,257,880	\$ 4,625,280

VILLAGE OF YORKVILLE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)

Governmental Funds

For the Year Ended December 31, 2023

With Summarized Information from December 31, 2022

	General	TID No. 1	Total	
			2023	2022
REVENUES				
Taxes	\$ 1,583,323	\$ 900,725	\$ 2,484,048	\$ 1,891,057
Intergovernmental	295,226	-	295,226	456,371
Licenses and Permits	154,334	-	154,334	159,525
Fines, Forfeitures and Penalties	183	-	183	514
Public Charges for Services	56,424	-	56,424	49,411
Miscellaneous	111,437	-	111,437	50,190
Total Revenues	<u>2,200,927</u>	<u>900,725</u>	<u>3,101,652</u>	<u>2,607,068</u>
EXPENDITURES				
Current:				
General Government	523,003	8,048	531,051	486,570
Public Safety	550,969	-	550,969	437,320
Public Works	949,877	2,795	952,672	1,078,663
Culture and Recreation	24,200	-	24,200	20,700
Health and Human Services	3,260	-	3,260	3,740
Conservation and Development	45,064	92,485	137,549	134,994
Capital Outlay	5,431	4,000	9,431	1,869,318
Total Expenditures	<u>2,101,804</u>	<u>107,328</u>	<u>2,209,132</u>	<u>4,031,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99,123</u>	<u>793,397</u>	<u>892,520</u>	<u>(1,424,237)</u>
OTHER FINANCING SOURCE (USE)				
Transfer In	57,715	-	57,715	3,602,671
Transfer Out	(288,903)	(232,603)	(521,506)	(136,610)
Total Other Financing Source (Use)	<u>(231,188)</u>	<u>(232,603)</u>	<u>(463,791)</u>	<u>3,466,061</u>
NET CHANGE IN FUND BALANCE	<u>(132,065)</u>	<u>560,794</u>	<u>428,729</u>	<u>2,041,824</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>4,012,193</u>	<u>(4,111,006)</u>	<u>(98,813)</u>	<u>(2,140,637)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 3,880,128</u>	<u>\$ (3,550,212)</u>	<u>\$ 329,916</u>	<u>\$ (98,813)</u>

VILLAGE OF YORKVILLE, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance (Deficit) -
Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

With Summarized Information from December 31, 2022

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balance - Total Governmental Fund	\$ 428,729	\$ 2,041,824
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 outlay reported in governmental fund statements	\$ 428,770	
Depreciation expense reported in the statement of activities	<u>(223,079)</u>	
Amount by which capital outlays are more than depreciation in the current period.	205,691	424,054
Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements	<u>(1,820)</u>	<u>13,971</u>
Change in Net Position - Governmental Activities	<u>\$ 632,600</u>	<u>2,479,849</u>

VILLAGE OF YORKVILLE, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2023

With Summarized Information from December 31, 2022

	Water Utility	Wastewater Utility	Non-Major Stormwater Utility	Totals	
				2023	2022
CURRENT ASSETS					
Cash and Investments	\$ 1,311,759	\$ 343,582	\$ 125,903	\$ 1,781,244	\$ 1,717,303
Customer Accounts Receivable	24,624	97,149	-	121,773	127,699
Due From Other Funds	188,566	2,985,304	55,786	3,229,656	3,094,843
Inventories	4,986	-	-	4,986	4,986
Total Current Assets	1,529,935	3,426,035	181,689	5,137,659	4,944,831
NON-CURRENT ASSETS					
Restricted Cash	300,825	223,481	-	524,306	395,950
Leases Receivables	120,436	-	-	120,436	142,554
Advances from Other Funds	-	315,898	-	315,898	174,030
Capital Assets:					
Land	10,000	30,619	-	40,619	40,619
Construction in Progress	111,742	7,850	-	119,592	19,774
Plant in Service	3,069,467	10,739,525	-	13,808,992	13,765,068
Accumulated Depreciation	(1,096,636)	(1,147,266)	-	(2,243,902)	(2,012,169)
Total Non-Current Assets	2,515,834	10,170,107	-	12,685,941	12,525,826
Total Assets	4,045,769	13,596,142	181,689	17,823,600	17,470,657
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	-	386,837	-	386,837	360,988
Accounts Payable	21,550	26,104	-	47,654	150,110
Due to Other Funds	-	2,486,749	-	2,486,749	2,498,658
Accrued Liabilities	2,523	4,692	-	7,215	8,087
Accrued Interest	-	20,773	-	20,773	34,494
Total Current Liabilities	24,073	2,925,155	-	2,949,228	3,052,337
NON-CURRENT LIABILITIES					
Advances from Other Fund	-	-	-	-	-
Net Pension Liability	-	-	-	-	-
Noncurrent Portion of Long-Term Obligations	-	7,581,058	-	7,581,058	7,551,450
Deferred Inflows Related to Leases	-	-	-	-	-
Total Non-Current Liabilities	-	7,581,058	-	7,581,058	7,551,450
Total Liabilities	24,073	10,506,213	-	10,530,286	10,603,787
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Leases	120,436	-	-	120,436	142,554
NET POSITION					
Net Investment in Capital Assets	2,094,573	1,662,833	-	3,757,406	3,900,854
Restricted	300,825	223,481	-	524,306	395,950
Unrestricted	1,505,862	1,203,615	181,689	2,891,166	2,427,512
TOTAL NET POSITION	\$ 3,901,260	\$ 3,089,929	\$ 181,689	\$ 7,172,878	\$ 6,724,316

VILLAGE OF YORKVILLE, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023
With Summarized Information from December 31, 2022

	Water Utility	Wastewater Utility	Non-Major Stormwater Utility	Totals	
				2023	2022
OPERATING REVENUES	\$ 221,282	\$ 395,198	\$ 55,786	\$ 672,266	\$ 655,276
OPERATING EXPENSES					
Operation and Maintenance	162,317	420,489	1,893	584,699	525,632
Depreciation	64,285	167,448	-	231,733	190,378
Taxes	1,291	325	-	1,616	2,719
Total Operating Expenses	<u>227,893</u>	<u>588,262</u>	<u>1,893</u>	<u>818,048</u>	<u>718,729</u>
OPERATING INCOME (LOSS)	<u>(6,611)</u>	<u>(193,064)</u>	<u>53,893</u>	<u>(145,782)</u>	<u>(63,453)</u>
NON-OPERATING REVENUES (EXPENSE)					
Rental Income	38,083	-	-	38,083	34,615
Federal Grants	-	500	-	500	-
Investment Income	69,183	30,058	244	99,485	26,356
Interest Expense	-	(106,796)	-	(106,796)	(115,904)
Miscellaneous	-	-	-	-	19,774
Total Non-Operating Revenues (Expense)	<u>107,266</u>	<u>(76,238)</u>	<u>244</u>	<u>31,272</u>	<u>(35,159)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>100,655</u>	<u>(269,302)</u>	<u>54,137</u>	<u>(114,510)</u>	<u>(98,612)</u>
TRANSFERS IN	-	484,105	-	484,105	118,896
TRANSFERS OUT	(20,314)	-	-	(20,314)	(3,584,957)
CAPITAL CONTRIBUTIONS	<u>91,968</u>	<u>7,313</u>	<u>-</u>	<u>99,281</u>	<u>1,930,015</u>
CHANGE IN NET POSITION	<u>172,309</u>	<u>222,116</u>	<u>54,137</u>	<u>448,562</u>	<u>(1,634,658)</u>
NET POSITION - BEGINNING	<u>3,728,951</u>	<u>2,867,813</u>	<u>127,552</u>	<u>6,724,316</u>	<u>8,358,974</u>
NET POSITION - ENDING	<u>\$ 3,901,260</u>	<u>\$ 3,089,929</u>	<u>\$ 181,689</u>	<u>\$ 7,172,878</u>	<u>\$ 6,724,316</u>

VILLAGE OF YORKVILLE, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023
With Summarized Information from December 31, 2022

	Water Utility	Wastewater Utility	Non-Major Stormwater Utility	Totals	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 224,482	\$ 397,924	\$ 55,786	\$ 678,192	\$ 654,208
Cash Paid to Suppliers for Goods and Services	(84,898)	(428,280)	(1,893)	(515,071)	(1,318,955)
Cash Paid to Employees for Services	(73,757)	(100,815)	-	(174,572)	(120,435)
Net Cash Flows From Operating Activities	<u>65,827</u>	<u>(131,171)</u>	<u>53,893</u>	<u>(11,451)</u>	<u>(785,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	484,105	-	484,105	119,078
Transfers to Other Funds	(20,314)	-	-	(20,314)	(3,606,438)
Cash (Paid) Received to/from Municipality	107,044	(395,573)	(61)	(288,590)	(845,413)
Cash Received from Other Entities	-	-	-	-	1,728,263
Capital Contributions	91,968	7,813	-	99,781	1,930,015
Net Cash Flows From Noncapital Financing Activities	<u>178,698</u>	<u>96,345</u>	<u>(61)</u>	<u>274,982</u>	<u>(674,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Rental Income Received	38,083	-	-	38,083	34,615
Investment Income Received	69,183	30,058	244	99,485	26,356
Net Cash Flows From Investing Activities	<u>107,266</u>	<u>30,058</u>	<u>244</u>	<u>137,568</u>	<u>60,971</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(111,190)	(32,552)	-	(143,742)	(4,946,817)
Principal Paid	-	(360,988)	-	(360,988)	(27,922)
Debt Proceeds	-	416,445	-	416,445	7,912,438
Interest Paid	-	(120,517)	-	(120,517)	(82,022)
Net Cash Flows From Capital and Related Financing Activities	<u>(111,190)</u>	<u>(97,612)</u>	<u>-</u>	<u>(208,802)</u>	<u>2,855,677</u>
NET CHANGE IN CASH AND INVESTMENTS	240,601	(102,380)	54,076	192,297	1,456,971
CASH AND INVESTMENTS - BEGINNING	1,371,983	669,443	71,827	2,113,253	656,282
CASH AND INVESTMENTS - ENDING	<u>\$ 1,612,584</u>	<u>\$ 567,063</u>	<u>\$ 125,903</u>	<u>\$ 2,305,550</u>	<u>\$ 2,113,253</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS					
Unrestricted Cash and Investments	\$ 1,311,759	\$ 343,582	\$ 125,903	\$ 1,781,244	\$ 1,717,303
Restricted Cash and Investments	300,825	223,481	-	524,306	395,950
CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS	<u>\$ 1,612,584</u>	<u>\$ 567,063</u>	<u>\$ 125,903</u>	<u>\$ 2,305,550</u>	<u>\$ 2,113,253</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (6,611)	\$ (193,064)	\$ 53,893	\$ (145,782)	\$ (63,453)
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Flows from Operating Activities:					
Non-Cash Items Included in Income:					
Depreciation	64,285	167,448	-	231,733	190,378
Meter Expense	1,267	(1,267)	-	-	-
Changes in Operating Assets and Liabilities:					
Accounts Receivable	3,200	2,726	-	5,926	(2,327)
Other Accounts Receivable	-	-	-	-	1,259
Accounts Payable	3,744	(106,200)	-	(102,456)	(909,788)
Accrued Liabilities	(58)	(814)	-	(872)	(1,251)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 65,827</u>	<u>\$ (131,171)</u>	<u>\$ 53,893</u>	<u>\$ (11,451)</u>	<u>\$ (785,182)</u>

VILLAGE OF YORKVILLE, WISCONSIN
Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2023
With Summarized Information from December 31, 2022

	Custodial	
	Tax Collection	
	Fund	
	2023	2022
ASSETS		
Restricted Cash and Investments	\$ 3,689,219	\$ 3,185,514
Taxes Receivable	6,834,264	6,999,946
Total Assets	10,523,483	10,185,460
LIABILITIES		
Due to Other Taxing Units	10,523,483	10,185,460
NET POSITION		
Restricted	\$ -	\$ -

VILLAGE OF YORKVILLE, WISCONSIN
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2023
With Summarized Information from December 31, 2022

	Custodial	
	Tax Collection	
	Fund	
	2023	2022
ADDITIONS		
Taxes Collected on Behalf of Other Taxing Entities	\$ 6,703,528	\$ 6,581,538
DEDUCTIONS		
Taxes Remitted to Other Taxing Entities	6,703,528	6,581,538
CHANGE IN NET POSITION	-	-
NET POSITION - BEGINNING	-	-
NET POSITION - ENDING	\$ -	\$ -

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of Yorkville (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village has no component units.

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

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 for charges which would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate financial statements are provided for the governmental funds, proprietary funds and fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

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 water and sewer utility enterprise funds are charges to customers for sales and services. The general fund collects the stormwater charges through the tax roll and then it gets transferred to the stormwater utility. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenses/expenditures.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Because by definition these assets are being held for the benefit of a third party (such as other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds (Continued)

Custodial Funds

Custodial funds are used to account for assets held by the Village as a custodian for individuals, private organizations, and/or other governmental units.

Major Funds

The Village reports the following major governmental funds:

General Fund - which accounts for the Village's primary operating activities.

Tax Incremental District #1 – which accounts for the Village's capital projects fund.

The Village reports the following major proprietary funds:

Water Utility - which operates the water distribution system.

Wastewater Utility - which operates the sewage treatment plant, sewage pumping stations and collection systems.

The Village reports the following non-major proprietary funds:

Stormwater Utility - which operates the stormwater system.

Fiduciary Fund

The Village reports the following custodial fund:

Tax Collection Fund - which accounts for taxes and deposits collected by the Village, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds 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 levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to pension are recorded only when payment is due.

Cash and Investments

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. 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 the date of acquisition are considered to be cash equivalents.

Restricted Cash

Governmental Funds - Certain assets of the governmental funds are classified as restricted assets because their use is restricted for tax collections for the subsequent year budget as well as cash that has been collected for building deposits.

Enterprise Funds - Cash has been set aside to provide for replacement of certain water and sewer utility plant equipment.

Fiduciary Funds - Cash has been set aside to provide for advance tax collections of other taxing units.

Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

Inventories

Proprietary fund inventories are generally used for construction and for operation and maintenance work and are not for resale. They are valued at cost based on weighted average and charged to construction or operations and maintenance expense when used. Governmental fund inventory items are charged to expenditure accounts when purchased.

Lease Receivable

The government as a lessor recognizes lease receivables and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases; unless the lease is short-term, or ownership is transferred of the underlying asset. As the lessor the government continues to recognize assets underlying leases to others. The lease receivables are measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources are measured at the value of the lease receivable plus any payments received at or on before the commencement of the lease term that relate to future periods.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Assessments

Deferred special assessments consist of capital projects constructed through Village capital. In governmental fund financial statements, special assessments are recorded as receivables and deferred inflows of resources when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements, special assessments are recorded as receivables and deferred revenue when the capital outlays are made. All special assessments will become due if the parcels of land are used for purposes other than residential housing or farming. Special assessment receivables that become delinquent are added to the general tax roll. The method of enforcing collections is the same as for general Village taxes.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$2,500 or higher for governmental activities. Infrastructure improvements with a cost of \$20,000 or more are capitalized. For business-type activities, the threshold for capitalization is based on the Wisconsin Public Service Commission. Both also have an estimated useful life in excess of one year.

Capital assets are reported at actual or estimated historical cost. Donated assets are reported at estimated acquisition value at the time received.

General infrastructure assets acquired or constructed prior to January 1, 2004 are not reported in the financial statements as allowed by accounting principles generally accepted in the United States of America.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

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.

Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Buildings	20 - 40	20 - 50
Improvements	10 - 20	20 - 100
Plant, Machinery and Equipment	2 - 15	4 - 10
Infrastructure	20 - 50	-

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the balance sheet and/or statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future reporting periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has three items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, deferred inflows related to leases and deferred inflows related to the pension plan are reported in the statement of net position. The governmental fund reports taxes levied for subsequent year and special assessments as deferred inflows of resources on the balance sheet. See Note 9 for details on the pension plan.

Pension

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

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

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

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt for the governmental funds is not reported as a liability in the governmental fund financial statements.

Regulated Municipal Utility

Yorkville Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission.

The Yorkville Wastewater and Stormwater Utilities are not regulated.

Water, wastewater, and stormwater revenues are recorded based on actual service rendered; billings are made to customers through quarterly billings.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis for Existing Rates

Water Utility - The Public Service Commission of Wisconsin approved a water rate increase in February 1998.

Wastewater Utility - The utility board approved the current rates during September 2023.

Stormwater Utility - The utility board approved the current rates during July 2011.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Equity Classifications

Government-Wide Statements

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted component of net position - Consists of resources with constraints placed on the use either 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 component of net position - Net amount that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts) or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance, in the general fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has not adopted a formal minimum fund balance policy.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates, and such differences may be material.

Leases

The Village follows GASB Statement No. 87 which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

Subscription-Based Information Technology Agreements

The Village adopted GASB Statement No. 96 for the year ended December 31, 2023, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITA). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the Village to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. The Village had no material SBITAs that were required to be disclosed.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 2 - Cash and Investments

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Local Government Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2023, the Village's bank balance of cash was \$1,015,664. The Village maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2023:

Fully insured deposits	\$	307,388
Uninsured		708,276
Total	\$	<u>1,015,664</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2023.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the local government investment pool at December 31, 2023 was \$7,078,728.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 3 - Property Taxes

The Village bills and collects its own property taxes and also levies for the Yorkville School District, Union Grove School District, Gateway Technical College, and Racine County.

Property taxes consist of taxes on real estate and personal property. They are levied during December 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 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 July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund receivables and payables between individual funds of the Village as of December 31, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TID #1	\$ 4,650	TID Administration
Water Utility	General Fund	93,200	Public Fire Protection and Delinquent Utilities on Tax Roll
Wastewater Utility	TID #1	2,984,299	TID Administration
Stormwater Utility	General Fund	55,786	Special Charges on Tax Roll
Water Utility	TID #1	95,366	Well #2 Project
Wastewater Utility	General Fund	1,005	Delinquent Utilities Moved to Tax Roll
General Fund	Wastewater Utility	2,486,749	Cashflow for capital project
		<u>\$ 5,721,055</u>	

Interfund transfers for the year ended December 31, 2023, are as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TID #1	\$ 40,001	Capital Projects and TID Admin Costs
General Fund	Water Utility	17,714	Property Tax Equivalent
Wastewater Utility	Water Utility	2,600	Return on Meter Allocation
Wastewater Utility	TID #1	192,602	Debt Payments
Wastewater Utility	General Fund	288,903	Debt Payments
		<u>\$ 541,820</u>	

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 5 - Restricted Assets

Restricted assets on December 31, 2023 totaled \$4,529,292 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Governmental Funds:		
General Fund	\$ 598,959	Advance tax collections to finance 2024 operations and building bond deposits
TID #1	315,767	Advance tax collections to finance 2024 operations
Total Governmental Funds	<u>914,726</u>	
Fiduciary Fund:		
Tax Collection	<u>3,689,219</u>	Advance tax collections for other taxing jurisdictions
Enterprise Funds:		
Water Utility	300,825	To provide funds for equipment to maintain plant capacity
Wastewater Utility	223,481	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>524,306</u>	
Total Restricted Assets	<u><u>\$ 5,128,251</u></u>	

Note 6 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2023 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 20,992	\$ -	\$ -	\$ 20,992
Construction in Progress	-	279,638	-	279,638
Total Capital Assets Not Being Depreciated	<u>20,992</u>	<u>279,638</u>	<u>-</u>	<u>300,630</u>
Other Capital Assets:				
Buildings and Improvements	9,516	-	-	9,516
Machinery and Equipment	39,572	5,431	4,395	40,608
Infrastructure	6,362,958	143,701	-	6,506,659
Total Capital Assets Being Depreciated	<u>6,412,046</u>	<u>149,132</u>	<u>4,395</u>	<u>6,556,783</u>
Total Capital Assets	<u>6,433,038</u>	<u>428,770</u>	<u>4,395</u>	<u>6,857,413</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(9,516)	-	-	(9,516)
Machinery and Equipment	(33,322)	(2,743)	(4,395)	(31,670)
Infrastructure	(1,702,378)	(220,336)	-	(1,922,714)
Total Accumulated Depreciation	<u>(1,745,216)</u>	<u>(223,079)</u>	<u>(4,395)</u>	<u>(1,963,900)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 4,687,822</u></u>	<u><u>\$ 205,691</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,893,513</u></u>

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 6 - Capital Assets (Continued):

Business-Type Activities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water Utility				
Capital Assets not Being Depreciated:				
Land and Land Rights	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in Progress	19,774	91,968	-	111,742
Total Capital Assets not Being Depreciated	<u>29,774</u>	<u>91,968</u>	<u>-</u>	<u>121,742</u>
Capital Assets Being Depreciated:				
Source of Supply	45,749	7,580	-	53,329
Pumping Plant	379,676	-	-	379,676
Water Treatment Plant	3,060	-	-	3,060
Transmission and Distribution Plant	2,492,116	-	-	2,492,116
General Plant	129,644	11,642	-	141,286
Total Capital Assets Being Depreciated	<u>3,050,245</u>	<u>19,222</u>	<u>-</u>	<u>3,069,467</u>
Total Capital Assets	3,080,019	111,190	-	3,191,209
Less: Accumulated Depreciation	<u>(1,031,084)</u>	<u>(65,552)</u>	<u>-</u>	<u>(1,096,636)</u>
Net Utility Plant	<u>\$ 2,048,935</u>	<u>\$ 45,638</u>	<u>\$ -</u>	<u>\$ 2,094,573</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Wastewater Utility				
Capital Assets, not Being Depreciated:				
Land	\$ 30,619	\$ -	\$ -	\$ 30,619
Construction in Progress	-	7,850	-	7,850
Total Capital Assets not Being Depreciated	<u>30,619</u>	<u>7,850</u>	<u>-</u>	<u>38,469</u>
Capital Assets Being Depreciated:				
Plant and Lift Station	6,499,456	21,616	-	6,521,072
Treatment Equipment	4,162,778	-	-	4,162,778
Other Equipment	52,589	3,086	-	55,675
Total Capital Assets Being Depreciated	<u>10,714,823</u>	<u>24,702</u>	<u>-</u>	<u>10,739,525</u>
Total Capital Assets	10,745,442	32,552	-	10,777,994
Less: Accumulated Depreciation	<u>(981,085)</u>	<u>(166,181)</u>	<u>-</u>	<u>(1,147,266)</u>
Net Utility Plant	<u>\$ 9,764,357</u>	<u>\$ (133,629)</u>	<u>\$ -</u>	<u>\$ 9,630,728</u>

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 6 - Capital Assets (Continued)

Governmental Activities	
General Government	\$ 2,540
Public Works	220,539
Total Governmental Activities Depreciation Expense	<u>\$ 223,079</u>
Business-Type Activities	
Water Depreciation Charged to Accumulated Depreciation	\$ 65,552
Less: Share of Meter Depreciation	(1,267)
Water Depreciation Expense	<u>64,285</u>
Wastewater Depreciation Charged to Accumulated Depreciation	166,181
Plus: Share of Meter Depreciation	1,267
Wastewater Depreciation Expense	<u>167,448</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 231,733</u>

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
General Obligation Debt:					
Bonds Payable	<u>\$ 7,912,438</u>	<u>\$ 416,445</u>	<u>\$ 360,988</u>	<u>\$ 7,967,895</u>	<u>\$ 386,837</u>

Interest paid during the year on long-term debt totaled \$120,517 for the business-type activities.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Village. General obligation debt at December 31, 2023 is comprised of the following:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
Business-Type Activities					
General Obligation Sewerage System	02/23/23	05/01/41	1.56%	\$ 8,328,883	<u>\$ 7,967,895</u>

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 7 - Long-Term Obligations (Continued):

Debt service requirements to maturity are as follows:

	Business-Type Long-Term Debt	
	Principal	Interest
2024	\$ 386,837	\$ 120,271
2025	392,872	115,200
2026	399,001	109,023
2027	405,225	102,751
2028	411,547	96,380
2029-2033	2,156,063	382,803
2034-2038	2,329,565	207,947
2039-2041	1,486,785	35,030
	<u>\$ 7,967,895</u>	<u>\$ 1,169,405</u>

The 2023 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$921,795,000. The legal debt limit and margin of indebtedness as of December 31, 2023, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$921,795,000)	\$ 46,089,750
Deduct long-term debt applicable to debt margin	<u>7,967,895</u>
Remaining Margin of Indebtedness Available	<u>\$ 38,121,855</u>

Note 8 - Net Position and Fund Balance (Deficit)

Net position reported on the government-wide statement of net position at December 31, 2023 includes the following:

	Governmental	Business-Type	Total
Net Investment in Capital Assets:			
Net Capital Assets	\$ 4,893,513	\$ 11,725,301	\$ 16,618,814
Less: Related Long-Term Debt Outstanding	-	<u>(7,967,895)</u>	<u>(7,967,895)</u>
Net Investment in Capital Assets	<u>4,893,513</u>	<u>3,757,406</u>	<u>8,650,919</u>
Net Position Restricted For:			
Equipment Replacement Fund	-	524,306	524,306
Pension Benefits	34,451	<u>(120,436)</u>	<u>(85,985)</u>
Total Restricted	<u>34,451</u>	<u>403,870</u>	<u>438,321</u>
Unrestricted	<u>332,516</u>	<u>2,888,566</u>	<u>3,221,082</u>
Total Net Position - Government-Wide Statements	<u>\$ 5,260,480</u>	<u>\$ 7,049,842</u>	<u>\$ 12,310,322</u>

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 8 - Net Position and Fund Balance (Deficit) (Continued)

Fund balances (deficit) reported on the governmental fund balance sheet at December 31, 2023 are classified as follows:

Unassigned (Deficit)	
General Fund	\$ 3,880,128
Tax Incremental District No. 1	<u>(3,550,212)</u>
Total Unassigned Fund (Deficit)	<u>329,916</u>
Total Governmental Fund Fund (Deficit)	<u>\$ 329,916</u>

The deficit fund balance in Tax Incremental District No. 1 will be corrected with subsequent years' revenues.

Note 9 - Defined Benefit Pension Plan

General Information about the Pension Plan

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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

Benefits Provided. 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 annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 9 - Defined Benefit Pension Plan

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.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	(9.6)%	9.0%
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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

During the reporting period, the WRS recognized \$18,855 in contributions from the Village.

Contribution rates as of December 31, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.80%	6.80%

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

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

At December 31, 2023, the Village reported a liability of \$40,948 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.00077294%, which was an increase of 0.00004089% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$20,685.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 65,217	\$ 85,681
Changes in assumptions	8,052	-
Net differences between projected and actual earnings on pension plan investments	69,561	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	73	678
Employer contributions subsequent to the measurement date	18,855	-
	<u>\$ 161,758</u>	<u>\$ 86,359</u>

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

The \$18,855 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 2,217
2025	11,665
2026	11,948
2027	30,714
	<u>\$ 56,544</u>

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

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

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

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

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

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

**Asset Allocation Targets and Expected Returns¹
As of December 31, 2022**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	48%	7.6%	5.0%
Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115% *	7.4%	4.8%
Variable Fund Asset Class			
U.S. Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100%	7.7%	5.1%

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 135,905	\$ 40,948	\$ (24,374)

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 9 - Defined Benefit Pension Plan (Continued)

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>.

Payables to the Pension Plan. The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. The amount due to WRS as of December 31, 2023 is \$4,323 for December payroll.

Note 10 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past year.

Note 11 - Contingencies

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2023, are not likely to have a material adverse impact on the Village's financial position.

Funds for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

VILLAGE OF YORKVILLE, WISCONSIN

Notes to Financial Statements

December 31, 2023

Note 12 - Lease

The Village leases land to United States Cellular Operating Company for the wireless communications facility consisting of an unmanned equipment shelter, cellular antennas and all necessary connecting appurtenances. This lease has a term of 5 years remaining. The monthly payments are \$1,843. At December 31, 2023, the Village recognized \$22,118 in lease revenue related to this agreement.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Water Tower 1998	\$ 142,554	\$ -	\$ 22,118	\$ 120,436

Remaining amounts to be received associated with this lease at December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 22,775
2025	23,413
2026	24,069
2027	24,743
2028	25,436
	<u>\$ 120,436</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF YORKVILLE, WISCONSIN
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net Pension(Asset)/ Liability	Village's Proportionate Share of the Net Pension (Asset)/Liability	Village's Covered Payroll	Village's Proportionate Share of the Net Pension (Asset)/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/30/2022	0.00077294%	\$ 40,948	\$ 149,015	27.48%	95.72%
12/30/2021	0.00073205%	(59,004)	133,884	44.07%	106.02%
12/30/2020	0.00070415%	(43,961)	119,959	36.65%	105.26%
12/31/2019	0.00069650%	(22,458)	111,736	20.10%	102.96%
12/31/2018	0.00069422%	24,698	106,822	23.12%	96.45%
12/31/2017	0.00069344%	(20,589)	103,469	19.90%	102.93%
12/31/2016	0.00090950%	7,496	99,872	7.51%	99.12%

Schedule of Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	\$ 18,855	\$ 18,855	\$ -	\$ 277,287	6.80%
12/31/2022	9,686	9,686	-	149,016	6.50%
12/31/2021	9,037	9,037	-	133,884	6.75%
12/31/2020	8,097	8,097	-	119,959	6.75%
12/31/2019	7,318	7,318	-	111,736	6.55%
12/31/2018	7,157	7,157	-	106,822	6.70%
12/31/2017	7,035	7,035	-	103,469	6.80%
12/31/2016	6,591	6,591	-	99,872	6.60%

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2016.

VILLAGE OF YORKVILLE, WISCONSIN

Schedule of Budgetary Comparison

General Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,633,720	\$ 1,633,720	\$ 1,583,323	\$ (50,397)
Intergovernmental	288,061	288,061	295,226	7,165
Licenses and Permits	183,000	183,000	154,334	(28,666)
Fines, Forfeitures and Penalties	500	500	183	(317)
Public Charges for Services	58,029	58,029	56,424	(1,605)
Miscellaneous	245,224	245,224	111,437	(133,787)
Total Revenues	<u>2,408,534</u>	<u>2,408,534</u>	<u>2,200,927</u>	<u>(207,607)</u>
EXPENDITURES				
General Government	492,223	506,223	523,003	(16,780)
Public Safety	583,802	558,802	550,969	7,833
Public Works	1,029,951	1,028,351	949,877	78,474
Culture and Recreation	26,700	26,700	24,200	2,500
Health and Human Services	5,000	5,000	3,260	1,740
Conservation and Development	40,150	45,250	45,064	186
Capital Outlay	15,250	22,750	5,431	17,319
Debt Service:				
Interest and Fiscal Charges	506,954	506,954	-	506,954
Total Expenditures	<u>2,700,030</u>	<u>2,700,030</u>	<u>2,101,804</u>	<u>598,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(291,496)</u>	<u>(291,496)</u>	<u>99,123</u>	<u>390,619</u>
OTHER FINANCING SOURCES (USE)				
Transfer In	220,496	220,496	57,715	(162,781)
Transfers Out	-	-	(288,903)	(288,903)
Total Other Financing Sources (Use)	<u>220,496</u>	<u>220,496</u>	<u>(231,188)</u>	<u>(451,684)</u>
NET CHANGE IN FUND BALANCE	(71,000)	(71,000)	(132,065)	(61,065)
FUND BALANCE - BEGINNING	<u>4,012,193</u>	<u>4,012,193</u>	<u>4,012,193</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,941,193</u>	<u>\$ 3,941,193</u>	<u>\$ 3,880,128</u>	<u>\$ (61,065)</u>

VILLAGE OF YORKVILLE, WISCONSIN
Notes to Required Supplementary Information
December 31, 2023

Defined Benefit Pension Plan

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

Changes of assumptions.

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

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

Budgetary Process

The Village follows these procedures in establishing the budgetary data:

- During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. 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.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

Excess of Actual Expenditures Over Budget in Individual Funds

The Village had the following functions with an excess of actual expenditures over budget for the year ended December 31, 2023:

General Government	\$ 16,780
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OTHER INFORMATION

VILLAGE OF YORKVILLE, WISCONSIN
Schedule of Water, Wastewater, and Stormwater Utilities Operating Revenues and Expenses
For the Year Ended December 31, 2023
With Summarized Information from December 31, 2022

OPERATING REVENUES	Water	Wastewater	Non-Major Stormwater	Totals	
				2023	2022
Sales:					
Metered Sales:					
Residential	\$ -	\$ 50,416	\$ -	\$ 50,416	\$ 49,460
Commercial	100,998	335,308	-	436,306	432,613
Irrigation	25,989	-	-	25,989	21,553
Total Metered Sales	126,987	385,724	-	512,711	503,626
Unmetered Sales	404	-	-	404	200
Public Fire Protection	93,200	-	-	93,200	93,200
Total Sales	220,591	385,724	-	606,315	597,026
Other Operating Revenues					
Customer Forfeited Discounts	95	-	-	95	212
Miscellaneous	596	9,474	-	10,070	2,341
Special Charges	-	-	55,786	55,786	55,697
Total Operating Revenues	221,282	395,198	55,786	672,266	655,276
OPERATING EXPENSES					
Operation, Maintenance and General Expenses					
Operation and Maintenance Expenses:					
Supervision and Labor	73,049	99,303	-	172,352	118,144
Maintenance and Repairs	4,644	40,943	-	45,587	75,542
Power Purchased for Pumping	21,044	-	-	21,044	18,288
Chemicals	2,048	11,575	-	13,623	15,738
Operating Supplies and Expenses	6,850	6,649	-	13,499	12,735
Sludge Hauling	-	40,503	-	40,503	48,903
Lab Testing	2,209	52,412	-	54,621	57,208
Utilities	-	67,900	-	67,900	52,201
Total Operating and Maintenance Expenses	109,844	319,285	-	429,129	398,759
Administrative and General Expenses					
Administrative Salaries and Wages	650	698	-	1,348	1,040
Office Supplies and Expenses	4,889	32,263	804	37,956	44,383
Professional Services	40,645	37,109	1,089	78,843	52,124
Property Insurance	6,069	9,144	-	15,213	8,959
Miscellaneous	220	21,990	-	22,210	20,367
Total Administrative and General Expenses	52,473	101,204	1,893	155,570	126,873
Total Operation, Maintenance and General Expenses	162,317	420,489	1,893	584,699	525,632
Other Operating Expenses					
Depreciation	64,285	167,448	-	231,733	190,378
Taxes	1,291	325	-	1,616	2,719
Total Other Operating Expenses	65,576	167,773	-	233,349	193,097
Total Operating Expenses	227,893	588,262	1,893	818,048	718,729
OPERATING INCOME (LOSS)	\$ (6,611)	\$ (193,064)	\$ 53,893	\$ (145,782)	\$ (63,453)

VILLAGE OF YORKVILLE, WISCONSIN

Schedule of Detailed Budgetary Comparison

General Fund

For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUE AND OTHER FINANCING SOURCES				
TAXES				
General Property Taxes	\$ 1,550,078	\$ 1,550,078	\$ 1,550,078	\$ -
In Lieu of Taxes	-	-	76	76
Other Taxes	73,642	73,642	28,694	(44,948)
Room Tax	10,000	10,000	4,475	(5,525)
Total Taxes	<u>1,633,720</u>	<u>1,633,720</u>	<u>1,583,323</u>	<u>(50,397)</u>
INTERGOVERNMENTAL				
State Aids				
Shared Revenues	40,682	40,682	40,716	34
Fire Insurance Dues	30,000	30,000	33,193	3,193
General Highway Aids	126,065	126,065	126,065	-
Video Service Provider	3,257	3,257	3,257	-
Computer Aid	6,597	6,597	6,597	-
Recycling Grant	7,750	7,750	7,770	20
Personal Property Aid	33,710	33,710	33,710	-
Lottery and Gaming Credit	40,000	40,000	43,918	3,918
Total Intergovernmental	<u>288,061</u>	<u>288,061</u>	<u>295,226</u>	<u>7,165</u>
LICENSES AND PERMITS				
Business Licenses	20,100	20,100	20,538	438
Nonbusiness Licenses	5,400	5,400	5,100	(300)
Building Permits	156,000	156,000	123,891	(32,109)
Other Permits	1,500	1,500	4,805	3,305
Total Licenses and Permits	<u>183,000</u>	<u>183,000</u>	<u>154,334</u>	<u>(28,666)</u>
FINES AND FORFEITS				
Fines, Forfeitures, and Penalties	500	500	183	(317)
PUBLIC CHARGES FOR SERVICES				
General Government Fees	2,550	2,550	945	(1,605)
Wastewater Utility Fees	38,448	38,448	38,448	-
Water Utility Fees	16,431	16,431	16,431	-
Stormwater Utility Fees	600	600	600	-
Total Public Charges for Services	<u>58,029</u>	<u>58,029</u>	<u>56,424</u>	<u>(1,605)</u>
MISCELLANEOUS REVENUES				
Interest	9,500	9,500	104,481	94,981
Insurance Recoveries	2,500	2,500	1,404	(1,096)
Other Miscellaneous Revenues	233,224	233,224	5,552	(227,672)
Total Miscellaneous Revenues	<u>245,224</u>	<u>245,224</u>	<u>111,437</u>	<u>(133,787)</u>
OTHER FINANCING SOURCES				
Transfer In	220,496	220,496	57,715	(162,781)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,629,030</u>	<u>\$ 2,629,030</u>	<u>\$ 2,258,642</u>	<u>\$ (370,388)</u>

VILLAGE OF YORKVILLE, WISCONSIN
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
EXPENDITURES AND OTHER FINANCING USE				
GENERAL GOVERNMENT				
Legislative				
Village Board	\$ 49,056	\$ 49,056	\$ 49,056	\$ -
Planning Commission	3,028	3,028	2,016	1,012
Printing and Publications	5,000	5,000	6,501	(1,501)
Ordinance Codification	1,500	1,500	1,414	86
Dues, Conventions, and Education	5,000	5,000	3,821	1,179
Municipal Court	-	-	868	(868)
Legal	70,000	78,000	78,210	(210)
Administrator-Clerk	101,327	101,327	101,232	95
Treasurer	72,860	72,860	72,706	154
Deputy Clerk-Treasurer	77,333	77,333	77,039	294
Computer/ Copier	-	-	17,441	(17,441)
Elections	7,500	7,500	7,792	(292)
Office Supplies and Postage	4,000	4,000	3,405	595
Audit	5,750	5,750	7,125	(1,375)
Assessor	31,300	31,300	31,666	(366)
Board of Review	3,000	3,000	2,921	79
Village Hall Expenses	27,940	27,940	27,935	5
Property and Liability Insurance	27,529	27,529	24,754	2,775
Tax Refund	-	-	450	(450)
Miscellaneous	100	6,100	6,651	(551)
Total General Government	492,223	506,223	523,003	(16,780)
PUBLIC SAFETY				
Constable	16,847	16,847	2,204	14,643
Code Enforcement	-	-	9,265	(9,265)
Fire Protection and Rescue Squad	448,355	448,355	454,639	(6,284)
Address Signs	1,000	1,000	298	702
Building Inspections	117,600	92,600	84,563	8,037
Total Public Safety	583,802	558,802	550,969	7,833
PUBLIC WORKS				
Public Works	11,696	11,696	10,724	972
Highway Construction	429,618	429,618	520,394	(90,776)
Highway Maintenance	175,500	175,500	79,172	96,328
Snow Removal	120,000	120,000	89,346	30,654
Highway Mowing	52,900	52,900	57,500	(4,600)
Bridges and Culverts	13,250	13,250	9,811	3,439
Stormwater Drainage	178	178	178	-
Street Lighting	14,500	14,500	12,023	2,477
Engineering	45,000	45,000	25,765	19,235
Sanitation	106,243	104,643	88,522	16,121
Recycling	60,743	60,743	56,442	4,301
Weed and Nuisance Control	323	323	-	323
Total Public Works	1,029,951	1,028,351	949,877	78,474
CULTURE AND RECREATION				
Recreation Programs	26,700	26,700	24,200	2,500
HEALTH AND HUMAN SERVICES				
Animal Control	5,000	5,000	3,260	1,740

VILLAGE OF YORKVILLE, WISCONSIN
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
CONSERVATION AND DEVELOPMENT				
Planning	30,150	35,250	35,064	186
Bus Service	10,000	10,000	10,000	-
Total Conservation and Development	<u>40,150</u>	<u>45,250</u>	<u>45,064</u>	<u>186</u>
CAPITAL OUTLAY				
General Government	15,250	22,750	5,431	17,319
DEBT SERVICE				
Interest and Fiscal Charges	506,954	506,954	-	506,954
Total Expenditures	<u>2,700,030</u>	<u>2,700,030</u>	<u>2,101,804</u>	<u>598,226</u>
OTHER FINANCING USE				
Transfers Out	-	-	288,903	(288,903)
NET CHANGE IN FUND BALANCE	(71,000)	(71,000)	(132,065)	(61,065)
FUND BALANCE - BEGINNING	4,012,193	4,012,193	4,012,193	-
FUND BALANCE - ENDING	<u>\$ 3,941,193</u>	<u>\$ 3,941,193</u>	<u>\$ 3,880,128</u>	<u>\$ (61,065)</u>

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To the Village Board
Village of Yorkville
Union Grove, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Yorkville, Wisconsin (Village) as of and for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to the audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 19, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System and schedule of budgetary comparison – general fund as indicated in the financial statement's table of contents, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

We did not audit the schedule of water, wastewater, and stormwater utilities operating revenues and expenses and schedule of detailed budgetary comparison – general fund which accompany the financial statements but are not RSI and are the responsibility of management. Our responsibility for the other information as described by professional standard, was to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Scope, Significant Risks and Other

Our audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures.

Material misstatement may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Any internal control related matters that are required to be communicated under professional standards are included later in this letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. As discussed in Note 1, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 96 – Subscription-Based Information Technology Agreements as of and for the year ended December 31, 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Village's financial statements were:

Management's estimate of the useful lives of the capital assets is based on industry standards. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred outflows/inflows is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred outflows/inflows in determining that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement were:

The disclosure of net pension liability and related deferred outflows/inflows and the related risk associated with it in Note 9 to the financial statements. The footnote was prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risk associated with the Village's net pension liability and related deferred outflows/inflows.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. We proposed adjustments to the Village's general ledger and management has corrected the misstatements. A list of the corrected misstatements is attached to this management letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter, dated April 15, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Village of Yorkville’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements and not on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below, that we consider to be material weaknesses.

Financial Reporting - One of the components of internal control over financial reporting is that staff of the Village be sufficiently knowledgeable to prepare the entity’s financial statements including the footnotes in accordance with generally accepted accounting principles (GAAP). The Village’s staff does not have the training in GAAP to prepare financial statements including the related notes in accordance with GAAP. The Village’s management does review the financial statements and footnotes and accepts responsibility for them. This matter is common in most small organizations since they do not have the resources to devote to this area of internal control.

Segregation of Duties - The Village has a limited number of people who are responsible for and perform substantially all of the bookkeeping and accounting functions. Good internal control requires a complete separation of duties with respect to the handling and recording of transactions. In order to provide for an adequate segregation of duties, additional personnel may have to be involved in the performance of the accounting and bookkeeping functions. We recognize that this may not be practical based on the size of the Village and limited resources. Because some procedural controls do not exist, the board has compensating controls such as approval of invoices and review of receipts and revenues which allow it to rely on its knowledge of the Village's operations in order to safeguard assets.

Material Account Adjustments – During the performance of various audit procedures, we identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the Village's financial statements. The Village's internal controls did not detect and correct these misstatements prior to the performance of the audit. We recommend that procedures be implemented to record these entries or ask that personnel contact our office for additional assistance prior to the audit.

Other Matters

In addition, we felt the other matters described in the following paragraphs were important to the operation of the Village. These matters may involve internal controls, general operations, recommendations for the adoption of policies and other such items that we feel will enhance the Village of Yorkville.

Other Items

Rates of Returns

The water department's rate of returns are as follows:

	Water	
	2023	2022
UTILITY PLANT		
Beginning	\$ 1,186,796	\$ 1,166,920
Ending	1,206,019	1,186,796
Average	<u>1,196,408</u>	<u>1,176,858</u>
ACCUMULATED DEPRECIATION		
Beginning	(369,381)	(332,520)
Ending	(407,743)	(369,381)
Average	<u>(388,562)</u>	<u>(350,951)</u>
INVENTORY - MATERIALS AND SUPPLIES		
Beginning	4,986	4,986
Ending	4,986	4,986
Average	<u>4,986</u>	<u>4,986</u>
REGULATORY LIABILITY		
Beginning	(8,612)	(17,223)
Ending	-	(8,612)
Average	<u>(4,306)</u>	<u>(12,918)</u>
AVERAGE NET RATE BASE	<u>\$ 808,526</u>	<u>\$ 817,975</u>
OPERATING INCOME	<u>\$ 40,949</u>	<u>\$ 87,608</u>
RATES OF RETURN	<u>5.06%</u>	<u>10.71%</u>

The wastewater department's rate of returns are as follows:

	Wastewater	
	2023	2022
UTILITY PLANT		
Beginning	\$ 10,745,442	\$ 5,838,400
Ending	10,771,144	10,745,442
Average	<u>10,758,293</u>	<u>8,291,921</u>
ACCUMULATED DEPRECIATION		
Beginning	(981,085)	(854,884)
Ending	(1,147,266)	(981,085)
Average	<u>(1,064,176)</u>	<u>(917,985)</u>
AVERAGE NET RATE BASE	<u>\$ 9,694,117</u>	<u>\$ 7,373,936</u>
OPERATING LOSS	<u>\$ (193,064)</u>	<u>\$ (154,194)</u>
RATES OF RETURN	<u>-1.99%</u>	<u>-2.09%</u>

In the past, the rate of return for the wastewater utilities has been low. We have recommend that the Village consider passing an increase to the sewer utility rates through the sewer commission.

Closing

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestion with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We thank you for allowing us to be of service to the Village of Yorkville. We received complete cooperation and appreciate your consideration of our comments and your implementation of suggestions.

This information in intended solely for the use by the Village Board, management, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

KerberRose SC

KerberRose SC
Certified Public Accountants
 Oshkosh, Wisconsin
 April 15, 2024

Village of Yorkville
Year End: December 31, 2023
Adjusting journal entries
Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Debit	Credit
AJE01	12/31/2023	Tax Account--LocGovInv	100-11360 GEN		-3,692,991.00
AJE01	12/31/2023	Property Tax Receivable	100-13840 GEN		-11,428,855.00
AJE01	12/31/2023	Advance Tax Collections	100-13841 GEN	4,598,364.00	
AJE01	12/31/2023	Due to State & County	100-24610 GEN	2,576,125.00	
AJE01	12/31/2023	Due to Schools	100-24611 GEN	7,431,652.00	
AJE01	12/31/2023	Due To VTAE District--Gateway	100-24612 GEN	508,222.00	
AJE01	12/31/2023	Deferred Revenues/P.P.T.	100-26005 GEN	7,483.00	
AJE01	12/31/2023	Lottery Credit	100-41116 GEN		
AJE01	12/31/2023	Cash	500-11010 TID1	3,772.00	
AJE01	12/31/2023	Taxes Receivable	500-13840 TID1	6,178.00	
AJE01	12/31/2023	Deferred Taxes	500-26101 TID1		-9,950.00
AJE01	12/31/2023	Cash	800-11100 TAX	3,689,219.00	
AJE01	12/31/2023	Taxes Receivable	800-12100 TAX	6,834,264.00	
AJE01	12/31/2023	Due to Other Taxing Entities	800-24310 TAX		-10,523,483.00
AJE01	12/31/2023	Collected on behalf of other taxing entities	800-40000 TAX		-6,703,528.00
AJE01	12/31/2023	Remitted on behalf of other taxing entities	800-50000 TAX	6,703,528.00	
		Record Property Tax Rec			
AJE02	12/31/2023	Sewer Acc Assmt&Interest Rec/York	300-16100 SEWER		-138,076.00
AJE02	12/31/2023	Due to Village	300-21540 SEWER	706,335.00	
AJE02	12/31/2023	Retained Earnings	300-31140 SEWER		-568,259.00
		To adjust beginning Fund balance			
AJE03	12/31/2023	Accrued Interest Payable	300-22400 SEWER	13,721.00	
AJE03	12/31/2023	Interest Expense	300-58200 SEWER		-13,721.00
		To adjust accrued interest			
AJE04	12/31/2023	Accrued Interest Payable	300-22400 SEWER		
AJE04	12/31/2023	Interest Expense	300-58200 SEWER		
AJE04	12/31/2023	Accrued Interest Payable	400-22400 STORM		
AJE04	12/31/2023	Interest Expense-East Branch	400-58200 STORM		
		To adjust stormwater accrued interest to actual			
AJE05	12/31/2023	Misc - Due from TID	200-47402-01 WATER	3,398.00	
AJE05	12/31/2023	Outside Services - TID Expenses	200-56820-05 WATER		-3,398.00
		to adjust contributed capital for water			
AJE06	12/31/2023	Construction in Progress	200-10700 WATER	91,968.00	
AJE06	12/31/2023	Water Utility Structure & Improvements	200-13210 WATER	7,580.00	
AJE06	12/31/2023	Water Utility Miscellaneous Equipment	200-13780 WATER	11,642.00	
AJE06	12/31/2023	Capital Outlay	200-56885 WATER		-7,580.00
AJE06	12/31/2023	Outside Services - TID Expenses	200-56820-05 WATER		-91,968.00
AJE06	12/31/2023	Capital Outlay- Hydrants	200-56885-02 WATER		-11,642.00

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To record Water Additions and
disposals

AJE07	12/31/2023	Reserve for Depreciation (W)	200-11000 WATER		-38,361.00
AJE07	12/31/2023	Accum Deprec--Contributed Plant	200-11010 WATER		-27,191.00
AJE07	12/31/2023	Depreciation Expense	200-54030 WATER	38,361.00	
AJE07	12/31/2023	DepreciationExp--Contrib.Capital	200-54032 WATER	27,191.00	

Record Water CY Depreciation

AJE08	12/31/2023	Construction in Progress	300-15110 SEWER	7,850.00	
AJE08	12/31/2023	Sewer Utility Plant & Lift Station	300-15200 SEWER	21,616.00	
AJE08	12/31/2023	Other General Equipment	300-15420 SEWER	3,086.00	
AJE08	12/31/2023	Capital Outlay	300-51950 SEWER		-6,081.00
AJE08	12/31/2023	Engineering Planning/Prof Services	300-51520-01 SEWER		-7,850.00
AJE08	12/31/2023	Capital Outlay-WWTF Project	300-51950-02 SEWER		-18,621.00

To record Sewer Additions and
Disposals

AJE09	12/31/2023	Depreciation	300-51900 SEWER	166,181.00	
AJE09	12/31/2023	Sewer Depr.--Plant/Lift Statio	300-15200-10 SEWER		-97,698.00
AJE09	12/31/2023	Sewer Depreciation on Equipmen	300-15300-10 SEWER		-68,483.00

To record sewer depreciation

AJE10	12/31/2023	Accounts Payable	300-21010 SEWER		
AJE10	12/31/2023	Capital Outlay-WWTF Project	300-51950-02 SEWER		

To record Final retainage payment
for WWTP plan not booked yet.

AJE11	12/31/2023	Lease Receivable	200-17200 WATER		-22,118.00
AJE11	12/31/2023	Deferred Inflows-Lease Receivable	200-29200 WATER	22,118.00	

To record Annual Lease payments
and Initial Lease Receivable for Water Utility

AJE12	12/31/2023	Operating Cash- Water Utility	200-11310 WATER	2,188.00	
AJE12	12/31/2023	Miscellaneous Income	200-47402 WATER		-596.00
AJE12	12/31/2023	Depreciation Expense	200-54030 WATER		-1,267.00
AJE12	12/31/2023	Water Utility FICA Tax Expense	200-54081 WATER		-325.00
AJE12	12/31/2023	Checking Account--General (Sewer)	300-11010 SEWER		-2,188.00
AJE12	12/31/2023	Depreciation	300-51900 SEWER	1,267.00	
AJE12	12/31/2023	Miscellaneous Expense	300-51910 SEWER	596.00	
AJE12	12/31/2023	Tax Equivalent	300-54082 SEWER	325.00	

To record Meter Allocation

AJE13	12/31/2023	Accounts (Vouchers) Payable	100-21100 GEN		-7,302.00
AJE13	12/31/2023	Highway Construction	100-53315 GEN	7,302.00	

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To book retainage payable for 2023
road construction project with Stark construction

AJE14	12/31/2023	Due From Sewer Utility	100-13824 GEN		-568,259.00
AJE14	12/31/2023	Advance to TID	100-15710 GEN	568,259.00	
AJE14	12/31/2023	Tax Increments	100-41120 GEN	900,725.00	
AJE14	12/31/2023	Transfers Out	100-59910 GEN		-900,725.00
AJE14	12/31/2023	Sewer Acc Assmt&Interest Rec/York	300-16100 SEWER		-11,909.00
AJE14	12/31/2023	Sewer Acc Assmt&Interest Rec/York	300-16100 SEWER		-104,976.00
AJE14	12/31/2023	Advance to Other Funds	300-16200 SEWER		-420,874.00
AJE14	12/31/2023	Advance to Other Funds	300-16200 SEWER	104,976.00	
AJE14	12/31/2023	Due to Village	300-21540 SEWER		-149,985.00
AJE14	12/31/2023	Due to Village	300-21540 SEWER	11,909.00	
AJE14	12/31/2023	Transfers In	300-49200 SEWER	420,874.00	
AJE14	12/31/2023	Transfers In	300-49200 SEWER	149,985.00	
AJE14	12/31/2023	Due to Other Funds	500-24000 TID1	149,985.00	
AJE14	12/31/2023	Due to Other Funds	500-24000 TID1	104,976.00	
AJE14	12/31/2023	Advance from Other Funds	500-24100 TID1		-149,985.00
AJE14	12/31/2023	Advance from Other Funds	500-24100 TID1	2,600.00	
AJE14	12/31/2023	Advance from Other Funds	500-24100 TID1		-104,976.00
AJE14	12/31/2023	General Administrative	500-51400 TID1		-7,500.00
AJE14	12/31/2023	Transfers to Other Funds-Debt Service	500-59200-01 TID1		-2,600.00
AJE14	12/31/2023	Transfers to Other Funds-Debt Service	500-59200-01 TID1	7,500.00	

to adjust advances, transfers and
due to due froms