

City of Cedarburg

Financial Statements and
Supplementary Information

December 31, 2022

City of Cedarburg

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Independent Auditors' Report

To the Common Council of
City of Cedarburg

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cedarburg (the City), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 18, 2023

City of Cedarburg

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 9,658,626	\$ 10,052,163	\$ 19,710,789
Receivables:			
Taxes	11,661,061	-	11,661,061
Delinquent personal property taxes	3,799	-	3,799
Accounts	777,539	1,944,147	2,721,686
Interest	-	4,368	4,368
Lease receivables	4,363,056	-	4,363,056
Due from other governments	360,760	-	360,760
Materials and supplies	14,546	875,262	889,808
Prepaid items	160,492	38,396	198,888
Restricted assets:			
Cash and investments	-	3,178,429	3,178,429
Net pension asset	2,914,708	1,067,188	3,981,896
Other assets	-	2,622,216	2,622,216
Capital assets:			
Land	8,484,055	2,263,218	10,747,273
Construction in progress	322,968	767,539	1,090,507
Other capital assets, net of depreciation	56,636,846	52,143,588	108,780,434
Total assets	<u>95,358,456</u>	<u>74,956,514</u>	<u>170,314,970</u>
Deferred Outflows of Resources			
Pension related items	<u>5,677,247</u>	<u>2,102,924</u>	<u>7,780,171</u>
Liabilities			
Accounts payable and accrued liabilities	897,433	1,368,551	2,265,984
Deposits	119,963	-	119,963
Due to other governments	6,139	-	6,139
Accrued interest payable	165,731	14,988	180,719
Unearned revenue	457,815	-	457,815
Noncurrent liabilities:			
Due within one year	1,379,029	166,809	1,545,838
Due in more than one year	19,952,758	1,158,032	21,110,790
Total liabilities	<u>22,978,868</u>	<u>2,708,380</u>	<u>25,687,248</u>
Deferred Inflows of Resources			
Unearned revenue	16,018,647	-	16,018,647
Pension related items	6,909,138	2,464,343	9,373,481
Total deferred inflows of resources	<u>22,927,785</u>	<u>2,464,343</u>	<u>25,392,128</u>
Net Position			
Net investment in capital assets	54,695,542	54,425,545	109,121,087
Restricted	4,714,371	4,245,617	8,959,988
Unrestricted (deficit)	<u>(4,280,863)</u>	<u>13,215,553</u>	<u>8,934,690</u>
Total net position	<u>\$ 55,129,050</u>	<u>\$ 71,886,715</u>	<u>\$ 127,015,765</u>

See notes to financial statements

City of Cedarburg

Statement of Activities

Year Ended December 31, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 1,760,439	\$ 449,966	\$ 275,192	\$ -	\$ (1,035,281)	\$ -	\$ (1,035,281)
Public safety	5,475,419	2,145,297	132,933	-	(3,197,189)	-	(3,197,189)
Public works	4,864,915	62,331	967,878	-	(3,834,706)	-	(3,834,706)
Health and human services	47,814	-	-	-	(47,814)	-	(47,814)
Culture, recreation and education	3,177,278	978,462	299,265	-	(1,899,551)	-	(1,899,551)
Conservation and development	1,872,603	6,544	-	-	(1,866,059)	-	(1,866,059)
Interest and fiscal charges	486,324	-	-	-	(486,324)	-	(486,324)
Total governmental activities	17,684,792	3,642,600	1,675,268	-	(12,366,924)	-	(12,366,924)
Business-type activities:							
Light and water utility	13,852,776	15,161,051	-	636,130	-	1,944,405	1,944,405
Sewer utility	3,157,621	3,978,297	-	-	-	820,676	820,676
Total business-type activities	17,010,397	19,139,348	-	636,130	-	2,765,081	2,765,081
Total	\$ 34,695,189	\$ 22,781,948	\$ 1,675,268	\$ 636,130	(12,366,924)	2,765,081	(9,601,843)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					6,613,734	-	6,613,734
Property taxes, levied for debt service					1,982,178	-	1,982,178
Property taxes, levied for capital projects					1,620,000	-	1,620,000
Property taxes, levied for TIF purposes					266,566	-	266,566
Property taxes, levied for library					771,194	-	771,194
Property taxes, levied for other purposes					69,216	-	69,216
Other taxes					115,766	-	115,766
Intergovernmental revenues not restricted to specific programs					2,016,398	-	2,016,398
Investment income (loss)					(157,577)	(13,467)	(171,044)
Gain on disposal of assets					55,295	-	55,295
Miscellaneous					173,320	(1,577)	171,743
Total general revenues					13,526,090	(15,044)	13,511,046
Transfers					763,134	(763,134)	-
Change in net position					1,922,300	1,986,903	3,909,203
Net Position, Beginning					53,206,750	69,899,812	123,106,562
Net Position, Ending					\$ 55,129,050	\$ 71,886,715	\$ 127,015,765

See notes to financial statements

City of Cedarburg

Balance Sheet - Governmental Funds

December 31, 2022

	Capital Project Funds				Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvements Fund	TIF District No. 4	TIF District No. 6			
Assets							
Cash and investments	\$ 1,979,037	\$ 1,367,048	\$ -	\$ 615,000	\$ 1,020,575	\$ 3,531,993	\$ 8,513,653
Receivables:							
Taxes	6,823,660	1,720,000	3,998	258,238	1,365,047	1,490,118	11,661,061
Delinquent personal property taxes	3,799	-	-	-	-	-	3,799
Accounts	514,706	12,627	-	-	-	250,206	777,539
Lease receivable	4,363,056	-	-	-	-	-	4,363,056
Due from other funds	2,947	-	-	-	-	-	2,947
Due from other governments	-	360,760	-	-	-	-	360,760
Materials and supplies	14,546	-	-	-	-	-	14,546
Prepaid expenditures	155,203	-	-	-	-	5,289	160,492
Advances to other funds	1,218,143	-	-	-	-	-	1,218,143
Total assets	\$ 15,075,097	\$ 3,460,435	\$ 3,998	\$ 873,238	\$ 2,385,622	\$ 5,277,606	\$ 27,075,996
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 194,482	\$ 168,412	\$ 5,115	\$ 47,749	\$ -	\$ 139,514	\$ 555,272
Accrued liabilities	205,731	-	-	-	-	44,940	250,671
Deposits	119,963	-	-	-	-	-	119,963
Due to other funds	-	-	-	-	-	2,947	2,947
Due to other governments	5,949	-	-	-	-	190	6,139
Unearned revenue	68,199	-	-	-	-	389,616	457,815
Advance from other funds	-	-	923,713	264,625	-	29,805	1,218,143
Total liabilities	594,324	168,412	928,828	312,374	-	607,012	2,610,950
Deferred Inflows of Resources							
Unavailable revenues	19,885	-	-	-	-	-	19,885
Unearned revenues	11,181,246	1,720,000	3,998	258,238	1,365,047	1,490,118	16,018,647
Total deferred inflows of resources	11,201,131	1,720,000	3,998	258,238	1,365,047	1,490,118	16,038,532
Fund Balances							
Nonspendable	1,391,691	-	-	-	-	-	1,391,691
Restricted	-	-	-	302,626	1,020,575	944,819	2,268,020
Assigned	351,536	1,572,023	-	-	-	2,267,653	4,191,212
Unassigned (deficit)	1,536,415	-	(928,828)	-	-	(31,996)	575,591
Total fund balances (deficit)	3,279,642	1,572,023	(928,828)	302,626	1,020,575	3,180,476	8,426,514
Total liabilities, deferred inflows of resources and fund balances	\$ 15,075,097	\$ 3,460,435	\$ 3,998	\$ 873,238	\$ 2,385,622	\$ 5,277,606	\$ 27,075,996

See notes to financial statements

City of Cedarburg

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2022

Total Fund Balances, Governmental Funds	\$ 8,426,514
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds	
Land	8,484,055
Construction in progress	322,968
Other capital assets, net of depreciation	56,636,846
The net pension asset does not related to current financial resources and is not reported in the governmental funds.	
	2,914,708
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	
	19,885
Internal service funds are used by the City to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	1,053,483
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	5,677,247
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	(6,909,138)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds, notes payable and unamortized premium/(discount)	(20,240,953)
Compensated absences	(438,831)
Pollution remediation liability	(652,003)
Accrued interest	(165,731)
Net Position of Governmental Activities	<u>\$ 55,129,050</u>

City of Cedarburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2022

	Capital Project Funds						Total Governmental Funds
	General Fund	Capital Improvements Fund	TIF District No. 4	TIF District No. 6	Debt Service Fund	Nonmajor Governmental Funds	
Revenues							
Taxes	\$ 6,613,734	\$ 1,620,000	\$ 5,526	\$ 21,785	\$ 1,982,177	\$ 1,195,430	\$ 11,438,652
Special assessments	200	41,796	-	-	-	-	41,996
Intergovernmental	1,594,212	748,664	-	-	-	989,856	3,332,732
Licenses and permits	611,710	-	-	-	-	-	611,710
Fines, forfeitures and penalties	54,508	-	-	-	-	12,391	66,899
Public charges for services	137,939	1,464	-	-	1,422	2,052,618	2,193,443
Intergovernmental charges for services	330,606	-	-	-	236,263	-	566,869
Investment income (loss)	(123,291)	(19,862)	3,137	3,560	700	9,187	(126,569)
Miscellaneous	307,907	2,000	-	-	-	91,913	401,820
Total revenues	9,527,525	2,394,062	8,663	25,345	2,220,562	4,351,395	18,527,552
Expenditures							
Current:							
General government	1,376,102	-	-	-	-	-	1,376,102
Public safety	4,814,066	-	-	-	-	569,533	5,383,599
Public works	2,737,061	-	-	-	-	5,558	2,742,619
Health and human services	-	-	-	-	-	46,706	46,706
Culture, recreation and education	1,076,507	36,554	-	-	-	1,711,015	2,824,076
Conservation and development	74,277	-	413,240	784,963	-	1,066,260	2,338,740
Capital outlay	129,739	2,686,879	-	-	-	91,943	2,908,561
Debt service:							
Principal	-	39,937	130,000	-	1,545,000	-	1,714,937
Interest and fees	-	3,359	114,160	128,000	265,538	-	511,057
Total expenditures	10,207,752	2,766,729	657,400	912,963	1,810,538	3,491,015	19,846,397
Excess (deficiency) of revenues over expenditures	(680,227)	(372,667)	(648,737)	(887,618)	410,024	860,380	(1,318,845)
Other Financing Sources (Uses)							
Transfers in	778,437	160,000	-	-	20,000	16,643	975,080
Transfers out	-	(20,000)	-	-	-	(191,946)	(211,946)
Debt issued	-	240,000	-	615,000	-	-	855,000
Proceeds from sale of capital assets	1,737	44,013	-	389,000	-	-	434,750
Total other financing sources (uses)	780,174	424,013	-	1,004,000	20,000	(175,303)	2,052,884
Net change in fund balances	99,947	51,346	(648,737)	116,382	430,024	685,077	734,039
Fund Balances, Beginning	3,179,695	1,520,677	(280,091)	186,244	590,551	2,495,399	7,692,475
Fund Balances (Deficit), Ending	\$ 3,279,642	\$ 1,572,023	\$ (928,828)	\$ 302,626	\$ 1,020,575	\$ 3,180,476	\$ 8,426,514

See notes to financial statements

City of Cedarburg

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 734,039

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 net position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	2,908,561
Some items reported as outlay were not capitalized	(919,415)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	715,005
Depreciation is reported in the government-wide statements	(2,277,131)
Net book value of assets retired	(119,918)

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

Debt issued	(855,000)
Principal repaid	1,714,937

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	6,240
Accrued interest on debt	1,631
Net pension asset	677,423
Deferred outflows of resources related to pensions	1,965,966
Deferred inflows of resources related to pensions	(1,941,480)

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense

Amortization of debt premiums	39,325
Amortization of loss on refunding	(16,223)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

(387,365)

Internal service funds are used by the City to charge the cost of insurance to individual funds. The net revenue of the internal service fund is reported in the governmental activities.

(81,892)

Change in Net Position of Governmental Activities \$ 1,922,300

City of CedarburgStatement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Light and Water Utility	Sewer Utility	Total	Internal Service Fund - Risk Management
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 5,775,037	\$ 4,277,126	\$ 10,052,163	\$ 1,144,973
Receivables:				
Accounts	1,589,166	354,981	1,944,147	-
Interest	4,368	-	4,368	-
Due from other funds	-	210,560	210,560	-
Materials and supplies	875,262	-	875,262	-
Prepayments	38,396	-	38,396	-
Other assets, commitment to community	109,617	-	109,617	-
	<u>8,391,846</u>	<u>4,842,667</u>	<u>13,234,513</u>	<u>1,144,973</u>
Total current assets				
	<u>8,391,846</u>	<u>4,842,667</u>	<u>13,234,513</u>	<u>1,144,973</u>
Noncurrent Assets				
Restricted assets, cash and investments	104	3,178,325	3,178,429	-
Restricted asset, net pension asset	753,031	314,157	1,067,188	-
Preliminary survey and investigation	35,890	-	35,890	-
Other deferred assets	2,442,356	-	2,442,356	-
Nonutility property	34,353	-	34,353	-
Capital assets:				
Land	393,560	1,869,658	2,263,218	-
Construction in progress	767,539	-	767,539	-
Property, plant, and equipment	65,174,448	38,535,323	103,709,771	-
Less accumulated depreciation	(22,879,236)	(28,686,947)	(51,566,183)	-
	<u>46,722,045</u>	<u>15,210,516</u>	<u>61,932,561</u>	<u>-</u>
Total noncurrent assets				
	<u>46,722,045</u>	<u>15,210,516</u>	<u>61,932,561</u>	<u>-</u>
Total assets	<u>55,113,891</u>	<u>20,053,183</u>	<u>75,167,074</u>	<u>1,144,973</u>
Deferred Outflows of Resources				
Pension related items	1,511,035	591,889	2,102,924	-

See notes to financial statements

City of CedarburgStatement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Light and Water Utility	Sewer Utility	Total	Internal Service Fund - Risk Management
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 901,645	\$ 47,128	\$ 948,773	\$ 91,490
Accrued payroll	-	13,555	13,555	-
Accrued interest payable	3,805	11,183	14,988	-
Due to other funds	210,560	-	210,560	-
Current portion of general obligation debt	-	45,000	45,000	-
Current portion of compensated absences	117,273	4,536	121,809	-
Other current liability	406,223	-	406,223	-
Total current liabilities	1,639,506	121,402	1,760,908	91,490
Noncurrent Liabilities				
Compensated absences	397,441	27,222	424,663	-
Customer advances for construction	29,569	-	29,569	-
General obligation debt	-	703,800	703,800	-
Total noncurrent liabilities	427,010	731,022	1,158,032	-
Total liabilities	2,066,516	852,424	2,918,940	91,490
Deferred Inflows of Resources				
Pension related items	1,775,409	688,934	2,464,343	-
Net Position				
Net investment in capital assets	43,456,311	10,969,234	54,425,545	-
Restricted	753,135	3,492,482	4,245,617	-
Unrestricted	8,573,555	4,641,998	13,215,553	1,053,483
Total net position	\$ 52,783,001	\$ 19,103,714	\$ 71,886,715	\$ 1,053,483

See notes to financial statements

City of Cedarburg

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental
	Light and Water Utility	Sewer Utility	Total	Activities Internal Service Fund - Risk Management
Operating Revenues				
Charges for services	\$ 15,161,051	\$ 3,978,297	\$ 19,139,348	\$ 290,413
Other operating revenues	-	-	-	9,614
Total operating revenues	15,161,051	3,978,297	19,139,348	300,027
Operating Expenses				
Operation and maintenance	12,171,071	1,770,758	13,941,829	350,913
Depreciation	1,681,473	1,371,132	3,052,605	-
Total operating expenses	13,852,544	3,141,890	16,994,434	350,913
Operating income (loss)	1,308,507	836,407	2,144,914	(50,886)
Nonoperating Revenues (Expenses)				
Investment income (loss)	42,735	(56,202)	(13,467)	(31,006)
Amortization expense	-	1,343	1,343	-
Interest expense	(232)	(17,074)	(17,306)	-
Miscellaneous	(2,565)	988	(1,577)	-
Total nonoperating revenues (expense)	39,938	(70,945)	(31,007)	(31,006)
Income before capital contributions and transfers	1,348,445	765,462	2,113,907	(81,892)
Capital Contributions and Transfers				
Capital contribution	636,130	-	636,130	-
Transfers	(763,134)	-	(763,134)	-
Total capital contributions and transfers	(127,004)	-	(127,004)	-
Change in net position	1,221,441	765,462	1,986,903	(81,892)
Net Position, Beginning	51,561,560	18,338,252	69,899,812	1,135,375
Net Position, Ending	\$ 52,783,001	\$ 19,103,714	\$ 71,886,715	\$ 1,053,483

See notes to financial statements

City of Cedarburg

 Statement of Cash Flows - Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental
	Light and Water Utility	Sewer Utility	Total	Activities Internal Service Fund - Risk Management
Cash Flows From Operating Activities				
Receipts from customers	\$ 15,051,033	\$ 4,143,437	\$ 19,194,470	\$ -
Paid to suppliers for goods and services	(11,118,815)	(1,532,020)	(12,650,835)	362,995
Paid to employees for services	(1,377,150)	(586,239)	(1,963,389)	(350,913)
Receipts from municipality	272,716	-	272,716	-
Net cash flows from operating activities	<u>2,827,784</u>	<u>2,025,178</u>	<u>4,852,962</u>	<u>12,082</u>
Cash Flows From Investing Activities				
Purchase of investment securities	(872,564)	(688,964)	(1,561,528)	(368,024)
Proceeds from sale and maturities of investment securities	1,018,941	710,851	1,729,792	704,307
Investment income (loss)	99,089	(56,201)	42,888	(31,006)
Net cash flows from investing activities	<u>245,466</u>	<u>(34,314)</u>	<u>211,152</u>	<u>305,277</u>
Cash Flows From Noncapital Financing Activities				
Paid to municipality for tax equivalent	(768,001)	(7,301)	(775,302)	-
Transfers in (out)	(10,909)	-	(10,909)	-
Net cash flows from noncapital financing activities	<u>(778,910)</u>	<u>(7,301)</u>	<u>(786,211)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities				
Debt retired	-	(45,000)	(45,000)	-
Interest paid	-	(17,675)	(17,675)	-
Acquisition and contraction of capital assets	(3,153,835)	(1,494,205)	(4,648,040)	-
Salvage on retirement of plant	44,950	-	44,950	-
Cost of removal of property retired	(106,985)	-	(106,985)	-
Capital contributions received	291,071	-	291,071	-
Net cash flows from capital and related financing activities	<u>(2,924,799)</u>	<u>(1,556,880)</u>	<u>(4,481,679)</u>	<u>-</u>
Net change in cash and cash equivalents	(630,459)	426,683	(203,776)	317,359
Cash and Cash Equivalents, Beginning	<u>7,942,592</u>	<u>5,146,133</u>	<u>13,088,725</u>	<u>306,055</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,312,133</u>	<u>\$ 5,572,816</u>	<u>\$ 12,884,949</u>	<u>\$ 623,414</u>

See notes to financial statements

City of Cedarburg

 Statement of Cash Flows - Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental
	Light and Water Utility	Sewer Utility	Total	Activities Internal Service Fund - Risk Management
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	\$ 1,308,507	\$ 836,407	\$ 2,144,914	\$ (50,886)
Miscellaneous nonoperating activities	(59,336)	988	(58,348)	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,681,473	1,523,997	3,205,470	-
Depreciation charged to clearing accounts	152,865	(152,865)	-	-
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	39,871	(104,256)	(64,385)	-
Due from other funds	127,492	268,408	395,900	-
Prepayments	(32,788)	-	(32,788)	-
Materials and supplies	(191,994)	-	(191,994)	-
Other assets	(147,762)	-	(147,762)	-
Accounts payable	(75,538)	(69,842)	(145,380)	62,968
Accrued payroll and related benefits	(6,289)	(3,856)	(10,145)	-
Deferred revenues	9,444	-	9,444	-
Due to other funds	22,184	(198,829)	(176,645)	-
Deposits	-	-	-	-
Accrued interest on deposit	(345)	-	(345)	-
Pension related deferrals	-	(74,727)	(74,727)	-
Other current liabilities	-	(247)	(247)	-
Net cash flows from operating activities	<u>\$ 2,827,784</u>	<u>\$ 2,025,178</u>	<u>\$ 4,852,962</u>	<u>\$ 12,082</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds				
Current, cash and investments, unrestricted	\$ 5,775,037	\$ 4,277,126	\$ 10,052,163	\$ 1,144,973
Noncurrent, cash and investments, restricted	2,409,660	3,178,325	5,587,985	-
Noncash equivalents	(872,564)	(1,882,635)	(2,755,199)	(521,559)
Cash and cash equivalents	<u>\$ 7,312,133</u>	<u>\$ 5,572,816</u>	<u>\$ 12,884,949</u>	<u>\$ 623,414</u>
Noncash Capital and Related Financing Activities				
Amortization	\$ -	\$ 1,343		\$ -
Developer financed additions to utility plant	\$ 151,666	\$ -		\$ -

See notes to financial statements

City of Cedarburg

Statement of Fiduciary Net Position -
Custodial Fund
December 31, 2022

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Assets	
Cash and investments	\$ 15,760,735
Taxes receivable	<u>1,375,151</u>
Total assets	<u>17,135,886</u>
Liabilities	
Due to other governments	<u>17,135,886</u>
Net Position	
Total net position	<u>\$ -</u>

See notes to financial statements

City of Cedarburg

Statement of Changes in Fiduciary Net Position -
Custodial Fund
Year Ended December 31, 2022

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Additions	
Tax collections	\$ 13,141,870
Deductions	
Payments to overlying districts	<u>(13,141,870)</u>
Change in net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

City of Cedarburg

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December 31, 2022

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City of Cedarburg

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the City of Cedarburg, Wisconsin (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Community Development Authority of the City

The government-wide financial statements include the Community Development Authority of the City (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the Mayor and confirmed by the Common Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. The Community Development Authority of the City is part of the reporting entity of the City of Cedarburg. However, the CDA had no financial transactions during 2022 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the 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. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. 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, net position/fund balance, revenues and expenditures/expenses.

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 City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

Capital Improvements Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Incremental District (TID) No. 4 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 6 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Enterprise Funds

The City reports the following major enterprise funds:

Light and Water Utility accounts for operations of the electrical and Water system.

Sewer Utility accounts for operations of the Sewer system.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Cemetery	Room Tax
Recreation Programs	Fuel System
Public Safety Impact Fee	Donations
American Rescue Plan	Swimming Pool
Park Impact Fee	Library
Rescue/EMS	

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Incremental Finance (TIF) District No. 3
Tax Incremental Finance (TIF) District No. 5
Tax Incremental Finance (TIF) District No. 7

In addition, the City reports the following fund types:

Internal Service Fund

Internal Service Fund is used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Risk Management

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2022, there were \$426,806 and \$187,045 of City and Sewer Utility, respectively, unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 Light and Water and Sewer Utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy addresses custodial credit risk by stating that deposits shall not exceed federal and/or state insurance coverage unless (a) they are collateralized by federal government securities at a rate of 110% of the investment; b) they are collateralized by local mortgages at a rate of 135% of the investments or c) collateralization has been waived by the Common Council.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the light and water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as *due to and from other funds*. Long-term interfund loans (noncurrent portion) are reported as *advances from and to other funds*. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received state grant funds for economic development loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 general capital assets and \$500 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	25-99 Years
Land improvements	15 Years
Equipment	7-15 Years
Computer equipment	5-10 Years
Infrastructure, traffic signals	15 Years
Infrastructure, all other	60 Years
Vehicles	4-10 Years
Electric plant in service	5-40 Years
Water plant in service	4-77 Years
Sewer plant in service	10-80 Years

Lease assets are typically amortized over the lease term.

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 way as in the government-wide statements.

Other Assets

Designated investments - the Light and Water Commission has internally designated \$2,333,166 of cash and investments for future construction projects and monthly operating reserves.

Commitment to community - the Light and Water Utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance (Commitment to Community) programs. The Utility is acting as an agent administering the program so net collections and expenses associated with the program are recorded as a current liability or asset on the statement of net position.

Preliminary survey and investigation - the balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

Non-Utility property - the Light and Water Utility in 2006, 2008 and 2015 transferred infrastructure and land no longer in utility use; specifically, the SW, Layton and Lincoln Substations land, building and equipment and land from a well on Fair Street that was abandoned long ago. These assets, excluding land, are fully depreciated at December 31, 2021. Costs to construct a fitness area and the cost of fitness equipment and flooring was recorded as nonutility property in 2011. Costs were partially offset in 2011 and will continue to be so in future years through fees collected from users of the fitness room. During 2019, land was moved to utility property for a new substation.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Sick leave pay earned and not taken is cumulative. Sick leave is earned at the rate of 1.25 working days for each month of service up to a maximum of 15 days for police department employees and 12 days for all other employees per year and a total of 120 days. Upon death, the employee or their estate shall be paid, at the current wage rate, 50% of the accumulated unused sick leave pay benefits. 100% will be paid upon retirement or disability. All employees who have reached the maximum allotment of 120 sick days shall be compensated 30% of any sick days accumulated over 120. This compensation shall be paid in the first check of the following year at the previous year's rate. At December 31, 2022, 50% of the accumulated sick leave pay benefits estimated to be paid out for all employees is recorded as a liability in the government-wide financial statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources. Employees earn vacation in varying amounts based on length of service. Generally, City employees are not allowed to accumulate vacation pay. Light and Water Utility employees are allowed to accumulate unused vacation pay, which is recorded as an expense of the Light and Water Utility Enterprise Fund when earned.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and pollution remediation liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their 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.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of *restricted* or *net investment in capital assets*.

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their 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.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Common Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Common Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Common Council has, by resolution, adopted a financial policy authorizing the Administrator/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain an unassigned fund balance in the General Fund equal to a minimum of 20% and a maximum of 35% of the ensuring year's general operating budget. The unassigned fund balance in the General Fund at year-end was \$1,419,466. In order to be in compliance with their policy the unassigned fund balance should be between \$2,082,209 and \$3,643,866. The City is not in compliance with this policy.

See Note 3 for further information.

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis for Existing Rates

Sewer Utility

The rates as of January 1, 2021 were \$8.55 per 1,000 gallons of flow with a \$15 connection fee.

Electric Utility

Current electric rates were approved by the PSCW effective October 1, 2022. The rates are designed to provide a 3.0% return on rate base.

Water Utility

Current water rates were approved by the PSCW effective January 1, 2021 designed to provide a 4.5% return on rate base.

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the General Fund, Capital Improvement Fund, Debt Service Fund, Special Revenue Fund - Cemetery, Special Revenue Fund - Room Tax, Special Revenue Fund - Recreation Programs, Special Revenue Fund - Fuel System, Special Revenue Fund - Swimming Pool, Special Revenue Fund - Park Impact Fee, Special Revenue Fund - Public Safety Impact Fee, Special Revenue Fund - Library, Capital Project Fund - TIF No. 3, Capital Project Fund - TIF No. 4, Capital Project Fund - TIF No. 5, Capital Project Fund - TIF No. 6, Enterprise Fund - Sewer Utility Fund and Internal Service Fund - Risk Management Fund. A budget has not been formally adopted for Special Revenue Fund - Rescue/EMS and TIF No. 5, Capital Project Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Cemetery Fund	\$ 45,591	\$ 46,707	\$ 1,116
Room Tax Fund	60,000	115,072	55,072
Fuel System Fund	4,305	5,558	1,253
Recreation Programs Fund	334,768	355,443	20,675
Swimming Pool Fund	344,910	364,721	19,811
TIF District No. 4 Fund	607,060	657,400	50,340

The City controls expenditures at the function level for the General Fund. For all other funds the City controls expenditures at the fund level. Some individual functions experienced expenditures which exceeded appropriations. The details of those items can be found in the City's year-end budget to actual report.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 3 Fund	\$ 290	Expenditures exceeded revenues
TIF District No. 4 Fund	928,828	Expenditures exceeded revenues
TIF District No. 5 Fund	13,396	Expenditures exceeded revenues
TIF District No. 7 Fund	16,119	Expenditures exceeded revenues
Fuel System Fund	2,191	Expenditures exceeded revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. TIF District No. 3, TIF District No. 4, TIF District No. 5 and TIF District No. 7 fund deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing. The Fuel System Fund will be funded with future contributions and/or general revenues.

Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

3. Detailed Notes on All Funds

Deposits and Investments

The City's deposits and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 30,714,619	\$ 30,729,786	Custodial credit
			Custodial credit, interest rate, concentration of credit and investments highly sensitive to interest rate changes
US agencies	3,227,934	3,227,934	Credit, custodial credit, interest rate and investments highly sensitive to interest rate changes
Corporate bonds	98,369	98,369	changes
LGIP	2,545,598	2,545,598	Credit
			Custodial credit, interest rate and investments highly sensitive to interest rate changes
US treasuries	2,062,641	2,062,641	
Petty cash	688	-	N/A
	<u>\$ 38,649,849</u>	<u>\$ 38,664,328</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 19,710,789		
Restricted cash and investments	3,178,325		
Per statement of net position, custodial fund:			
Tax Collection Fund	<u>15,760,735</u>		
	<u>\$ 38,649,849</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$500,000 of the City's investments are covered by SIPC.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Market Value

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
US agencies	\$ -	\$ 3,227,934	\$ -	\$ 3,227,934
US treasuries	1,309,931	752,711	-	2,062,642
Corporate bonds	-	98,369	-	98,369
Total	<u>\$ 1,309,931</u>	<u>\$ 4,079,014</u>	<u>\$ -</u>	<u>\$ 5,388,945</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

As of December 31, 2022, \$30,729,786 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 456,478
Uninsured and collateral held by the pledging financial institution	<u>30,273,308</u>
Total	<u>\$ 30,729,786</u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City had four investment vehicles exposed to custodial credit risk as of December 31, 2022. The investment vehicles had the following amount exposed that were neither insured nor registered and held by counterparty; 1) US Agencies \$3,227,934, 2) US Treasuries \$2,062,642 and 3) Corporate Bonds \$98,369.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2022, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
US agencies	AA+	Aaa

City of Cedarburg

Notes to Financial Statements
December 31, 2022

The City also held investments in the following which are not rated:

LGIP
Corporate bonds

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2022, the City's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association	US Agencies	19.10 %
Federal Farm Credit Bank	US Agencies	23.40
Federal Home Loan Mortgage Corp	US Agencies	5.50

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2022, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6+</u>
US agencies	\$ 3,227,934	\$ 998,438	\$ 2,229,496	\$ -
US treasuries	2,062,641	59,436	1,169,606	833,599
Corporate bonds	98,369	98,369	-	-
Total	<u>\$ 5,388,944</u>	<u>\$ 1,156,243</u>	<u>\$ 3,399,102</u>	<u>\$ 833,599</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2022, the City held \$3,227,934, \$2,062,641, and \$98,369 in US agencies, US treasuries and corporate bonds respectively which matures on . With all fixed income securities, as interest rates rise, the values will fall. The longer the time to maturity, the more sensitive the value will be to a change in interest rates. The longest time to maturity on any holding is 7 years maturing September 30, 2028. The market value of this investment at December 31, 2022, was \$5,388,944.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for delinquent personal property taxes of \$3,799.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 11,655,591	\$ -
Interest on advances	-	19,885
Grants received prior to meeting all eligibility requirements	389,616	-
Lease revenue receivable for subsequent years	4,363,056	-
Lease revenue collected for subsequent years	<u>68,199</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 16,476,462</u>	<u>\$ 19,885</u>
Unearned revenue included in liabilities	\$ 457,815	
Unearned revenue included in deferred inflows	<u>16,018,647</u>	
Total unearned revenue for governmental funds	<u>\$ 16,476,462</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Impact Fee Account

The City has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2022:

	<u>Restricted Assets</u>
Equipment replacement account	\$ 3,178,325
Light and Water impact fees	104
Net pension asset	<u>3,981,896</u>
Total	<u>\$ 7,160,325</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 8,544,055	\$ -	\$ 60,000	\$ 8,484,055
Construction in progress	305,315	28,789	11,136	322,968
Total capital assets not being depreciated	<u>8,849,370</u>	<u>28,789</u>	<u>71,136</u>	<u>8,807,023</u>
Capital assets being depreciated:				
Buildings and Improvements	25,873,693	346,530	-	26,220,223
Infrastructure	51,564,886	1,613,392	-	53,178,278
Vehicles	8,043,204	563,853	182,649	8,424,408
Machinery and equipment	<u>4,290,116</u>	<u>151,587</u>	<u>-</u>	<u>4,441,703</u>
Total capital assets being depreciated	<u>89,771,899</u>	<u>2,675,362</u>	<u>182,649</u>	<u>92,264,612</u>
Total capital assets	<u>98,621,269</u>	<u>2,704,151</u>	<u>253,785</u>	<u>101,071,635</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,248,475)	(639,992)	-	(6,888,467)
Infrastructure	(18,775,809)	(868,851)	-	(19,644,660)
Vehicles	(5,285,694)	(552,258)	133,867	(5,704,085)
Machinery and equipment	<u>(3,174,524)</u>	<u>(216,030)</u>	<u>-</u>	<u>(3,390,554)</u>
Total accumulated depreciation	<u>(33,484,502)</u>	<u>(2,277,131)</u>	<u>133,867</u>	<u>(35,627,766)</u>
Net capital assets being depreciated	<u>56,287,397</u>	<u>398,231</u>	<u>48,782</u>	<u>56,636,846</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 65,136,767</u>	<u>\$ 427,020</u>	<u>\$ 119,918</u>	<u>\$ 65,443,869</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 62,556
Public safety	351,521
Public works	1,416,586
Health and human services	1,108
Culture, recreation and education	<u>445,360</u>
Total governmental activities depreciation expense	<u>\$ 2,277,131</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Land	\$ 1,869,658	\$ -	\$ -	\$ 1,869,658
Total capital assets not being depreciated	<u>1,869,658</u>	<u>-</u>	<u>-</u>	<u>1,869,658</u>
Capital assets being depreciated:				
Plant in service	<u>37,041,118</u>	<u>1,494,205</u>	<u>-</u>	<u>38,535,323</u>
Total capital assets being depreciated	<u>37,041,118</u>	<u>1,494,205</u>	<u>-</u>	<u>38,535,323</u>
Total capital assets	<u>38,910,776</u>	<u>1,494,205</u>	<u>-</u>	<u>40,404,981</u>
Less accumulated depreciation for:				
Plant in service	<u>(27,315,814)</u>	<u>(1,371,133)</u>	<u>-</u>	<u>(28,686,947)</u>
Total accumulated depreciation	<u>(27,315,814)</u>	<u>(1,371,133)</u>	<u>-</u>	<u>(28,686,947)</u>
Net capital assets being depreciated	<u>9,725,304</u>	<u>123,072</u>	<u>-</u>	<u>9,848,376</u>
Net sewer capital assets	<u>\$ 11,594,962</u>	<u>\$ 123,072</u>	<u>\$ -</u>	<u>\$ 11,718,034</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Light and Water				
Capital assets not being depreciated:				
Land	\$ 393,560	\$ -	\$ -	\$ 393,560
Construction in progress	<u>312,677</u>	<u>3,286,825</u>	<u>2,831,963</u>	<u>767,539</u>
Total capital assets not being depreciated / amortized	<u>706,237</u>	<u>3,286,825</u>	<u>2,831,963</u>	<u>1,161,099</u>
Capital assets being depreciated:				
Plant in service	<u>62,666,124</u>	<u>2,938,565</u>	<u>430,241</u>	<u>65,174,448</u>
Total capital assets being depreciated / amortized	<u>62,666,124</u>	<u>2,938,565</u>	<u>430,241</u>	<u>65,174,448</u>
Total capital assets	<u>63,372,361</u>	<u>6,225,390</u>	<u>3,262,204</u>	<u>66,335,547</u>
Less accumulated depreciation for:				
Plant in service	<u>(21,537,181)</u>	<u>(1,879,282)</u>	<u>537,227</u>	<u>(22,879,236)</u>
Total accumulated depreciation / amortization	<u>(21,537,181)</u>	<u>(1,879,282)</u>	<u>537,227</u>	<u>(22,879,236)</u>
Net capital assets being depreciated / amortized	<u>41,128,943</u>	<u>1,059,283</u>	<u>(106,986)</u>	<u>42,295,212</u>
Net light and water capital assets	<u>\$ 41,835,180</u>	<u>\$ 4,346,108</u>	<u>\$ 2,724,977</u>	<u>\$ 43,456,311</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 53,430,142</u>	<u>\$ 4,469,180</u>	<u>\$ 2,724,977</u>	<u>\$ 55,174,345</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Sewer	\$ 1,371,277
Light and Water	<u>1,342,055</u>
Total business-type activities depreciation expense	<u>\$ 2,713,332</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Room Tax Fund	\$ 756
General Fund	Fuel System Fund	<u>2,191</u>
		2,947
Less fund eliminations		<u>(2,947)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds is collecting items placed on tax roll. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The general fund is advancing funds to TIF District No. 3 Fund, TIF District No. 4 Fund, TIF District No. 5 Fund, TIF District No. 6 Fund and TIF District No. 7 Fund . The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the interest on the advance based on the average outstanding advance balance during the year at a rate of 1%. No repayment schedule has been established.

As of December 31, 2022, the General Fund has advanced \$290 to the TIF District No. 3 Fund, \$923,713 to the TIF District No. 4 Fund, \$13,396 to the TIF District No. 5 Fund, \$264,625 to TIF District No.6 and \$16,119 to TIF District No. 7.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Light and Water Utility	\$ 763,134	Property tax equivalent
Capital Improvement Fund	Recreation Program Fund	40,000	To fund operations
Debt Service Fund	Capital Improvement Fund	20,000	To fund operations
General Fund	Recreation Program Fund	15,303	To fund operations
Capital Improvement Fund	Park Impact Fee Fund	120,000	To fund operations
Swimming Pool Fund	Recreational Program Fund	16,643	To fund operations
	Total, fund financial statements	975,080	
	Less fund eliminations	<u>(211,946)</u>	
	Total transfers, government-wide statement of activities	<u>\$ 763,134</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental activities	Business-type activities	\$ 763,134	
Business-type activities	Governmental activities	<u>-</u>	
	Total government-wide financial statements	<u>\$ 763,134</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 20,465,000	\$ -	\$ 1,675,000	\$ 18,790,000	\$ 1,315,000
General obligation notes from direct borrowings and direct placements	-	855,000	-	855,000	-
(Discounts)/Premiums	593,191	-	39,325	553,866	-
Total bonds and notes payable	<u>21,058,191</u>	<u>855,000</u>	<u>1,714,325</u>	<u>20,198,866</u>	<u>1,315,000</u>
Other liabilities:					
Pollution remediation liability	409,600	242,403	-	652,003	-
Financed purchase	82,024	-	39,937	42,087	42,087
Compensated absences	445,071	-	6,240	438,831	21,942
Total other liabilities	<u>936,695</u>	<u>242,403</u>	<u>46,177</u>	<u>1,132,921</u>	<u>64,029</u>
Total governmental activities long-term liabilities	<u>\$ 21,994,886</u>	<u>\$ 1,097,403</u>	<u>\$ 1,760,502</u>	<u>\$ 21,331,787</u>	<u>\$ 1,379,029</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 775,000	\$ -	\$ 45,000	\$ 730,000	\$ 45,000
(Discounts)/Premiums	20,143	-	1,343	18,800	-
Total bonds and notes payable	<u>795,143</u>	<u>-</u>	<u>46,343</u>	<u>748,800</u>	<u>45,000</u>
Other liabilities:					
Compensated absences	502,469	71,952	27,949	546,472	121,809
Other long-term liabilities	277,102	137,125	384,658	29,569	-
Total other liabilities	<u>779,571</u>	<u>209,077</u>	<u>412,607</u>	<u>576,041</u>	<u>121,809</u>
Total business-type activities long-term liabilities	<u>\$ 1,574,714</u>	<u>\$ 209,077</u>	<u>\$ 458,950</u>	<u>\$ 1,324,841</u>	<u>\$ 166,809</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2022, was \$98,917,180. Total general obligation debt outstanding at year-end was \$20,375,000.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
GO Notes	06/03/2015	03/01/2015	2.00%	\$ 3,470,000	\$ 1,040,000
GO Notes	09/05/2012	03/01/2027	0.50-2.20	5,565,000	1,425,000
GO Notes	05/18/2016	03/01/2036	1.5 -3.00	8,700,000	6,355,000
GO Notes	06/28/2018	03/01/2028	3.00	1,230,000	780,000
GO Notes	11/14/2018	03/01/2038	3.0-4.25	3,415,000	2,890,000
GO Notes	10/07/2020	03/01/2040	2.0-3.0	6,350,000	6,300,000
Direct Borrowing	10/12/2022	03/15/2032	4.50	615,000	615,000
Direct Borrowing	10/12/2022	03/15/2032	4.50	240,000	240,000
Total governmental activities, general obligation debt					<u>\$ 19,645,000</u>

<u>Business-Type Activities</u>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
GO Notes	05/18/2016	03/01/2036	1.50-3.00%	\$ 1,005,000	\$ 730,000
Total business-type activities, general obligation debt					<u>\$ 730,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,315,000	\$ 453,881	\$ 45,000	\$ 16,775
2024	1,340,000	424,693	45,000	15,875
2025	1,540,000	392,696	45,000	14,975
2026	1,210,000	361,545	50,000	14,025
2027	1,230,000	332,966	50,000	13,025
2028-2032	4,490,000	1,291,104	260,000	49,581
2033-2037	5,720,000	592,023	235,000	14,256
2038-2040	1,945,000	56,750	-	-
Total	<u>\$ 18,790,000</u>	<u>\$ 3,905,658</u>	<u>\$ 730,000</u>	<u>\$ 138,512</u>

<u>Years</u>	<u>Governmental Activities Notes From Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 64,972	\$ 54,814
2025	84,234	35,551
2026	88,025	31,761
2027	91,986	27,800
2028-2032	525,783	73,145
Total	<u>\$ 855,000</u>	<u>\$ 223,071</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Financed Purchase

Financed Purchase at December 31, 2022 consist of the following:

<u>Governmental Activities</u>					<u>Balance</u>
<u>Financed Purchase</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
Grapple Truck	1/1/2019	12/31/2022	5.26%	\$ 190,000	\$ 42,087
Total governmental activities financed purchase					<u>\$ 42,087</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 42,087	\$ 1,208
Total	<u>\$ 42,087</u>	<u>\$ 1,208</u>

Other Debt Information

Estimated payments of compensated absences and pollution remediation are not included in the debt service requirement schedules. The compensated absences liability and pollution remediation liability attributable to governmental activities will be liquidated primarily by the general fund.

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>				<u>Receivable</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance</u>
				<u>December 31, 2022</u>
T-Mobile	08/01/2021	07/31/2046	2.90 %	\$ 853,014
US Cellular	08/08/2022	08/07/2047	2.90	878,664
Verizon	01/01/2019	12/31/2043	2.70	826,546
AT&T	10/07/2019	10/06/2054	1.70	1,766,516
Magnum Communications	01/01/2019	12/31/2048	1.75	38,316
Total governmental activities				<u>\$ 4,363,056</u>

The City recognized \$37,170 of lease revenue during the fiscal year.

The City recognized \$138,539 of interest revenue during the fiscal year.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Pollution Remediation Obligations

At year-end December 31, 2022, the City was obligated to address the future pollution cleanup activities due to federal or state laws and regulations. The City's obligation originated in 1970 to address the pollution remediation because the pollution created an imminent endangerment to public health or welfare or the environment. Examples of expected future remediation activity costs include legal services, site investigation and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2022, the obligation was \$652,003 with a related receivable of \$0 for a net liability of \$652,003. The City will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such costs become measurable. Because of this, the liability is subject to change as the City becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	\$ 8,484,055
Construction in progress	322,968
Other capital assets, net of accumulated depreciation	56,636,846
Less long-term debt outstanding	(20,240,953)
Plus unspent capital related debt proceeds	302,626
Plus noncapital debt proceeds	<u>9,190,000</u>
Total net investment in capital assets	<u>54,695,542</u>
Restricted:	
Debt service	854,844
Public safety impact fees	232,720
Park impact fees	599,370
Library	106,362
Pension	2,914,708
American Rescue Plan	<u>6,367</u>
Total restricted	<u>4,714,371</u>
Unrestricted (deficit)	<u>(4,280,863)</u>
Total governmental activities net position	<u>\$ 55,129,050</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>TIF District No. 4 Fund</u>	<u>TIF District No. 6 Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances							
Nonspendable:							
Noncurrent							
receivables	\$ 3,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,799
Prepaid and							
materials and							
supplies	169,749	-	-	-	-	-	169,749
Advances to							
other funds	<u>1,218,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,218,143</u>
Subtotal	<u>1,391,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,391,691</u>
Restricted for:							
TIF purposes	-	-	-	302,626	-	-	302,626
Debt service	-	-	-	-	1,020,575	-	1,020,575
American							
Rescue Plan	-	-	-	-	-	6,367	6,367
Park impact fees	-	-	-	-	-	599,370	599,370
Library	-	-	-	-	-	106,362	106,362
Police safety							
impact fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,720</u>	<u>232,720</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,626</u>	<u>1,020,575</u>	<u>944,819</u>	<u>2,268,020</u>
Assigned to:							
Capital							
improvements	-	1,572,023	-	-	-	-	1,572,023
Cemetery	-	-	-	-	-	329,112	329,112
Room tax	-	-	-	-	-	1,450	1,450
Recreation							
programs	-	-	-	-	-	189,346	189,346
Donations	-	-	-	-	-	42,764	42,764
Swimming pool	-	-	-	-	-	12,361	12,361
Rescue/EMS	-	-	-	-	-	1,692,620	1,692,620
Subsequent year							
budget	<u>351,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,536</u>
Subtotal	<u>351,536</u>	<u>1,572,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267,653</u>	<u>4,191,212</u>
Unassigned	<u>1,536,415</u>	<u>-</u>	<u>(928,828)</u>	<u>-</u>	<u>-</u>	<u>(31,996)</u>	<u>575,591</u>
(deficit):							
Total fund							
balances	<u>\$ 3,279,642</u>	<u>\$ 1,572,023</u>	<u>\$ (928,828)</u>	<u>\$ 302,626</u>	<u>\$ 1,020,575</u>	<u>\$ 3,180,476</u>	<u>\$ 8,426,514</u>
(deficit)							

City of Cedarburg

Notes to Financial Statements
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Business-Type Activities

Net investment in capital assets:	
Land	\$ 2,263,218
Construction in progress	767,539
Other capital assets, net of accumulated depreciation	52,143,588
Less long-term debt outstanding	(730,000)
Less unamortized debt premium	<u>(18,800)</u>
Total net investment in capital assets	<u>54,425,545</u>
Restricted:	
Light and Water impact fees	104
Sewer impact fees	3,178,325
Pension	<u>1,067,188</u>
Total restricted	<u>4,245,617</u>
Unrestricted	<u>13,215,553</u>
Total business-type activities net position	<u>\$ 71,886,715</u>

4. Other Information

Employees' Retirement System

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 occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

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

Vested participants may retire at 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>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

City of Cedarburg

Notes to Financial Statements
December 31, 2022

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 \$584,125 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives and elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

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

At December 31, 2022, the City reported an asset of \$3,981,896 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.04940206%, which was an increase of 0.00025653% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$(382,005).

At December 31, 2022, the City 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 experience	\$ 6,432,553	\$ 463,856
Changes in assumptions	742,885	-
Net differences between projected and actual earnings on pension plan investments	-	8,907,835
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,068	1,790
Employer contributions subsequent to the measurement date	<u>600,665</u>	<u>-</u>
Total	<u>\$ 7,780,171</u>	<u>\$ 9,373,481</u>

City of Cedarburg

Notes to Financial Statements
December 31, 2022

\$600,665 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (185,747)
2024	(1,079,220)
2025	(474,205)
2026	(454,802)

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, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 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 post-retirement discount rate.*

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

City of Cedarburg

Notes to Financial Statements
December 31, 2022

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:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

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

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

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's *20-year Municipal GO AA Index* as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% 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 investment 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 City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 2,825,438</u>	<u>\$ (3,981,896)</u>	<u>\$ (8,881,911)</u>

Pension Plan Fiduciary Net Position

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

At December 31, 2022, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool called to provide coverage for losses from torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees. However, other risks, such as torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees are accounted for and financed by the City in the general fund.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 0%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$0 in the insurance internal service fund.

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$17,500 per occurrence and an annual aggregate limit of \$70,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2022. A total liability of approximately \$88,209 at December 31, 2022, was recorded as claims payable in the insurance internal service fund. Changes in the fund's claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2021	\$ 207,191	\$ 594,767	\$ 773,436	\$ 28,522
2022	28,522	85,591	25,904	88,209

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Michigan and Iowa. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

Fifty members, representing approximately 99.8% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$274 million as of December 31, 2022.

Claims and Other Legal Procedures

During 2011, the light and water utility added an aeration system at Well #4 due to contamination by vinyl chloride. Parties believed to be responsible for the contamination were notified of the problem and the utility is seeking reimbursement from the potentially responsible parties for costs associated with the aeration system at Well #4 which the utility believes were necessitated because of contamination originating at the closed landfill. This process of seeking and obtaining reimbursement is expected to take several years. During 2014, as part of a water rate application with the PSCW the costs associated with the aeration system at Well #4 were reclassified as utility financed plant and the related contribution reversed allowing these costs to be recovered from rate payers until such time as reimbursement is received from the potentially responsible parties. Although the utility has financed all costs to date of the aeration system at Well #4, cost recovery is expected from the potentially responsible parties. Additional legal and consulting fees incurred after this date may be recoverable in the future.

Subsequent Event

On April 26, 2023, the City issued \$2,610,000 of GO Bonds with interest rates ranging from 3.625%-5.000% with final payoff in 2043. The issuance proceeds will be used for community development purposes.

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Developer Incentive, Cedarburg Land and Cattle, LLC

In 2014, the City provided a developer incentive as part of TIF District No. 3. The incentive is based on the completed project value or value at January 1, 2021, whichever occurs first, less the base value multiplied by 25%. The developer has committed to creating a total real property tax increment in the project area with an equalized value of at least \$950,000. There were no payments made for the year ended December 31, 2022. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements.

Developer Incentive, Oliver Fiontar, LLC

In 2017, the City entered into a development agreement as part of TIF District No. 4. The agreement relates to a property that is at an economic disadvantage to other available sites due to its blighted condition. The City has provided an incentive to the developer for the difference in costs compared to other available sites in an amount not to exceed \$3,053,000. Once the funding has been spent the developer is responsible to cover the remaining costs.

In return for the overall minimum equalized property valuation of the development of \$10,025,000 for buildings to be constructed or rehabilitated on the sites, the CDA will contribute an amount not to exceed \$275,000 toward the redevelopment as developer assistance. This amount shall be based upon the final development plan, expected valuation of same and completion dates for occupancy of all buildings to be constructed. In no event shall any developer assistance payment be due and payable if the developer is in default. This payment will be allocated, prorated and paid pursuant to the following schedule, terms and conditions:

1. \$70,000 upon the later of execution of the agreement and final acquisition of the property
2. \$70,000 upon proof of razing and removal of all existing buildings on the property; except commercial office building
3. \$70,000 upon developer receiving building permits from the City and commencing construction for at least \$1,000,000 of new construction
4. \$65,000 upon developer showing proof of remediation of the property to the point in time that building occupancy has been granted and reaches a new construction combined equalized value of \$4,775,000

In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year-end was \$205,000.

Municipal Revenue Obligation, HSI Arrabelle, LLC

In 2018, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$1,925,000 and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5.

Payments are scheduled through the year 2046 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year-end was \$1,369,559.

Municipal Revenue Obligation, Fox River Development

In 2022, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$13,480,000 and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 7.

Payments are scheduled through the year 2050 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year-end was \$13,480,000.

The City is disclosing all abatement agreements individually.

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

City of Cedarburg

Notes to Financial Statements
December 31, 2022

Mid-Moraine Municipal Court

During 2002, the City became a member of the Mid-Moraine Municipal Court. The Court handles collection of fines, fees and penalties and then distributes them to the originating municipality. The City's share of court expenses is determined based on the number of citations and complaints filed on behalf of the City compared to that of the other participating municipalities.

<u>Municipality</u>	<u>% Expenses Paid</u>
City of Cedarburg	3.71 %
Village of Grafton	3.75
Village of Thiensville	2.85
City of West Bend	22.06
Village of Germantown	9.51
City of Hartford	8.99
Village of Kewaskum	3.80
Village of Slinger	8.96
Village of Fredonia	0.65
Village of Jackson	6.07
City of Port Washington	6.21
Village of Saukville	6.11
Town of Hartford	0.34
City of Mequon	14.94
Village of Newburg	0.50
Town of Trenton	1.55
Total	<u>100.00 %</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of CedarburgSchedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund
December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,510,807	\$ 6,613,734	\$ 6,613,734	\$ -
Special assessments	-	-	200	200
Intergovernmental	1,454,243	1,455,593	1,594,212	138,619
Licenses and permits	337,845	358,845	611,710	252,865
Fines, forfeitures and penalties	106,100	70,000	54,508	(15,492)
Public charges for services	101,960	123,710	137,939	14,229
Intergovernmental charges for services	327,665	327,665	330,606	2,941
Investment income	40,000	40,100	(123,291)	(163,391)
Miscellaneous	206,140	198,040	307,907	109,867
Total revenues	10,084,760	9,187,687	9,527,525	339,838
Expenditures				
Current:				
General government	1,396,026	1,344,327	1,376,102	(31,775)
Public safety	4,873,289	4,842,289	4,814,066	28,223
Public works	2,868,809	2,887,995	2,737,061	150,934
Culture, recreation and education	998,651	993,151	1,076,507	(83,356)
Conservation and development	75,788	75,788	74,277	1,511
Capital outlay	-	117,892	129,739	(11,847)
Total expenditures	10,212,563	10,261,442	10,207,752	53,690
Excess (deficiency) of revenues over (under) expenditures	(127,803)	(1,073,755)	(680,227)	393,528
Other Financing Sources (Uses)				
Transfers in	15,303	912,376	778,437	(133,939)
Proceeds from sale of capital assets	-	-	1,737	1,737
Total other financing sources (uses)	15,303	912,376	780,174	(132,202)
Net change in fund balance	\$ (112,500)	\$ (161,379)	99,947	\$ 261,326
Fund Balance, Beginning			3,179,695	
Fund Balance, Ending			\$ 3,279,642	

See notes to required supplementary information

City of Cedarburg

Schedule of Proportionate Share of the Net Pension Liability/(Asset) - Wisconsin Retirement System
December 31, 2022

WRS Fiscal Year End	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2014	0.046698590 %	\$ (1,146,730)	\$ 5,899,895	19.44 %	102.74 %
12/31/2015	0.046968390 %	763,227	6,094,159	12.52 %	98.20 %
12/31/2016	0.047476720 %	391,322	6,246,295	6.26 %	99.12 %
12/31/2017	0.048071520 %	(1,427,300)	6,313,813	22.61 %	102.93 %
12/31/2018	0.048782000 %	1,735,510	6,587,858	26.34 %	96.45 %
12/31/2019	0.049008160 %	(1,580,246)	6,724,870	23.50 %	102.96 %
12/31/2020	0.049145530 %	(3,068,223)	6,898,852	44.47 %	105.26 %
12/31/2021	0.049402060 %	(3,981,896)	6,971,177	57.12 %	106.02 %

Schedule of Employer Contributions - Wisconsin Retirement System
December 31, 2022

City's Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 463,416	\$ 463,416	\$ -	\$ 6,094,159	7.60 %
12/31/2016	463,871	463,871	-	6,246,295	7.43 %
12/31/2017	508,899	508,899	-	6,313,813	8.06 %
12/31/2018	537,092	537,092	-	6,587,858	8.15 %
12/31/2019	531,452	531,452	-	6,724,870	7.90 %
12/31/2020	538,242	538,242	-	6,898,852	7.80 %
12/31/2021	574,628	574,628	-	6,971,178	8.24 %
12/31/2022	600,665	660,665	-	7,344,988	8.18 %

See notes to required supplementary information

City of Cedarburg

Notes to Required Supplementary Information
December 31, 2022

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within functions. Transfers between functions and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year-end unless specifically carried over. There was \$0 carried over to the following year. Budgets are adopted at the function level of expenditure for the general fund and total expenditures for all other funds.

Wisconsin Retirement System Pension

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

Changes in 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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Cedarburg

Nonmajor Governmental Funds - Combining Balance Sheet
December 31, 2022

	Special Revenue Funds				Special Revenue Funds						Capital Project Funds			Total Nonmajor Governmental Funds	
	Cemetery Fund	Room Tax Fund	Recreation Programs Fund	Fuel System Fund	Donations Fund	American Rescue Plan Fund	Swimming Pool Fund	Park Impact Fee Fund	Public Safety Impact Fee Fund	Library Fund	Rescue/EMS Fund	TIF District No. 3	TIF District No. 5		TIF District No. 7
Assets															
Cash and investments	\$ 328,153	\$ -	\$ 194,475	\$ -	\$ 42,764	\$ 472,750	\$ 10,901	\$ 599,370	\$ 232,720	\$ 141,409	\$ 1,509,451	\$ -	\$ -	\$ -	\$ 3,531,993
Receivables:															
Taxes	-	-	-	-	-	-	69,216	-	-	771,194	464,199	10,329	175,180	-	1,490,118
Accounts	1,050	31,968	-	-	-	-	-	-	-	1,068	216,120	-	-	-	250,206
Prepaid expenses	-	-	3,589	-	-	-	1,700	-	-	-	-	-	-	-	5,289
Total assets	<u>\$ 329,203</u>	<u>\$ 31,968</u>	<u>\$ 198,064</u>	<u>\$ -</u>	<u>\$ 42,764</u>	<u>\$ 472,750</u>	<u>\$ 81,817</u>	<u>\$ 599,370</u>	<u>\$ 232,720</u>	<u>\$ 913,671</u>	<u>\$ 2,189,770</u>	<u>\$ 10,329</u>	<u>\$ 175,180</u>	<u>\$ -</u>	<u>\$ 5,277,606</u>
Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)															
Liabilities:															
Accounts payable	\$ -	\$ 29,762	\$ 8,718	\$ -	\$ -	\$ 76,767	\$ 50	\$ -	\$ -	\$ 24,217	\$ -	\$ -	\$ -	\$ -	\$ 139,514
Accrued liabilities	91	-	-	-	-	-	-	-	-	11,898	32,951	-	-	-	44,940
Due to other funds	-	756	-	2,191	-	-	-	-	-	-	-	-	-	-	2,947
Due to other governments	-	-	-	-	-	-	190	-	-	-	-	-	-	-	190
Unearned revenues	-	-	-	-	-	389,616	-	-	-	-	-	-	-	-	389,616
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-	290	13,396	16,119	29,805
Total liabilities	<u>91</u>	<u>30,518</u>	<u>8,718</u>	<u>2,191</u>	<u>-</u>	<u>466,383</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>36,115</u>	<u>32,951</u>	<u>290</u>	<u>13,396</u>	<u>16,119</u>	<u>607,012</u>
Deferred inflows of resources:															
Unearned revenues	-	-	-	-	-	-	69,216	-	-	771,194	464,199	10,329	175,180	-	1,490,118
Fund balances (deficit):															
Restricted	-	-	-	-	-	6,367	-	599,370	232,720	106,362	-	-	-	-	944,819
Assigned	329,112	1,450	189,346	-	42,764	-	12,361	-	-	-	1,692,620	-	-	-	2,267,653
Unassigned (deficit)	-	-	-	(2,191)	-	-	-	-	-	-	-	(290)	(13,396)	(16,119)	(31,996)
Total fund balances (deficit)	<u>329,112</u>	<u>1,450</u>	<u>189,346</u>	<u>(2,191)</u>	<u>42,764</u>	<u>6,367</u>	<u>12,361</u>	<u>599,370</u>	<u>232,720</u>	<u>106,362</u>	<u>1,692,620</u>	<u>(290)</u>	<u>(13,396)</u>	<u>(16,119)</u>	<u>3,180,476</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 329,203</u>	<u>\$ 31,968</u>	<u>\$ 198,064</u>	<u>\$ -</u>	<u>\$ 42,764</u>	<u>\$ 472,750</u>	<u>\$ 81,817</u>	<u>\$ 599,370</u>	<u>\$ 232,720</u>	<u>\$ 913,671</u>	<u>\$ 2,189,770</u>	<u>\$ 10,329</u>	<u>\$ 175,180</u>	<u>\$ -</u>	<u>\$ 5,277,606</u>

City of Cedarburg

Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended December 31, 2022

	Special Revenue Funds				Special Revenue Funds							Capital Project Funds			Total Nonmajor Governmental Funds
	Cemetery Fund	Room Tax Fund	Recreation Programs Fund	Fuel System Fund	Donations Fund	American Rescue Plan Fund	Swimming Pool Fund	Park Impact Fee Fund	Public Safety Impact Fee Fund	Library Fund	Rescue/EMS Fund	TIF District No. 3	TIF District No. 5	TIF District No. 7	
Revenues															
Taxes	\$ -	\$ 115,766	\$ -	\$ -	\$ -	\$ -	\$ 69,215	\$ -	\$ -	\$ 771,194	\$ -	\$ 8,228	\$ 231,027	\$ -	\$ 1,195,430
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	723,128	-	-	-	257,418	9,310	-	-	-	989,856
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	12,391	-	-	-	-	12,391
Public charges for services	35,830	-	325,533	4,521	-	-	279,459	231,339	232,720	1,872	941,344	-	-	-	2,052,618
Investment income (loss)	(3,668)	-	-	-	-	6,188	-	6,667	-	-	-	-	-	-	9,187
Miscellaneous	16,430	-	19,673	-	9,639	-	4,299	-	-	41,022	850	-	-	-	91,913
Total revenues	48,592	115,766	345,206	4,521	9,639	729,316	352,973	238,006	232,720	1,083,897	951,504	8,228	231,027	-	4,351,395
Expenditures															
Current:															
Public safety	-	-	-	-	-	-	-	-	-	-	569,533	-	-	-	569,533
Public works	-	-	-	5,558	-	-	-	-	-	-	-	-	-	-	5,558
Health and human services	46,706	-	-	-	-	-	-	-	-	-	-	-	-	-	46,706
Culture, recreation and education	-	-	283,497	-	-	-	348,466	-	-	1,079,052	-	-	-	-	1,711,015
Conservation and development	-	115,072	-	-	-	699,591	-	-	-	-	-	2,190	233,288	16,119	1,066,260
Capital outlay	-	-	-	-	25,236	23,537	16,255	-	-	4,829	22,086	-	-	-	91,943
Total expenditures	46,706	115,072	283,497	5,558	25,236	723,128	364,721	-	-	1,083,881	591,619	2,190	233,288	16,119	3,491,015
Excess (deficiency) of revenues over expenditures	1,886	694	61,709	(1,037)	(15,597)	6,188	(11,748)	238,006	232,720	16	359,885	6,038	(2,261)	(16,119)	860,380
Other Financing Sources (Uses)															
Transfers in	-	-	-	-	-	-	16,643	-	-	-	-	-	-	-	16,643
Transfers out	-	-	(71,946)	-	-	-	-	(120,000)	-	-	-	-	-	-	(191,946)
Total other financing sources (uses)	-	-	(71,946)	-	-	-	16,643	(120,000)	-	-	-	-	-	-	(175,303)
Net changes in fund balances	1,886	694	(10,237)	(1,037)	(15,597)	6,188	4,895	118,006	232,720	16	359,885	6,038	(2,261)	(16,119)	685,077
Fund Balances (Deficit), Beginning	327,226	756	199,583	(1,154)	58,361	179	7,466	481,364	-	106,346	1,332,735	(6,328)	(11,135)	-	2,495,399
Fund Balances (Deficit), Ending	\$ 329,112	\$ 1,450	\$ 189,346	\$ (2,191)	\$ 42,764	\$ 6,367	\$ 12,361	\$ 599,370	\$ 232,720	\$ 106,362	\$ 1,692,620	\$ (290)	\$ (13,396)	\$ (16,119)	\$ 3,180,476