

Village of Cottage Grove

Financial Statements and
Supplementary Information

December 31, 2021

Village of Cottage Grove

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December 31, 2021

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Independent Auditors' Report

To the Village Board of
Village of Cottage Grove

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Cottage Grove, Wisconsin, as of December 31, 2021 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The 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.

Baker Tilly US, LLP

Madison, Wisconsin
July 25, 2022

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

The management of the Village of Cottage Grove (the Village) offers all persons interested in the financial position of the Village this general overview of the Village's financial performance during the fiscal year ending on December 31, 2021. Please read this report in conjunction with the Village's financial statements.

Financial Highlights

The following are some events that have had an impact on the Village's 2021 financials:

- Tax incremental district (#5) infrastructure was completed in 2006 and at the end of 2021 the value of tax increment in the district is \$100,900,900. The Village Board amended TID #5 in 2013 to help potentially spur development and to include additional acreage into the TID. The amendment allows for an additional \$2.2 million in project costs and is estimated to provide an additional \$13 million in new increment by the end of the district's life in 2026. The Village closed on a large development deal with Summit Credit Union in TID #5 in 2017. Summit Credit Union moved their corporate headquarters to the Village of Cottage Grove Commerce Park and was operational in Spring of 2019. Summit's development agreement provides for a guaranteed value of \$20M of property value.
 - Cottage Grove Commons Phase one, a \$24 Million mixed use project consisting of 100+ luxury apartments, 8,000 SF commercial space and 32 condos was completed. Phase two, consisting of an additional 228 housing units and 3,000 SF of retail/office space. Phase two is projected to be valued at \$42 Million, bringing the total development to about \$66 Million.
 - Developer Movin' Out began construction of Glen Grove apartments, a 100 unit affordable apartment building geared towards families with a member having a disability or for service veterans. Anticipated value of the project is about \$7 Million.
 - Several other projects broke ground in Commerce Park: Atlantis Valley Foods, Grand Appliance, and Dolphin Swim Academy. The total value of these projects is projected to be \$11 Million.
 - The Village currently owns 2.5 acres in Commerce Pak, down from an original 160 acres in the early 2000s.
- Three new Tax Increment Districts were added in 2018: TID #8 (located on west Cottage Grove Rd in the Coyle development area); TID #9 (located south of Village Hall, overlaying most of TID #6 and extending west on Cottage Grove Road to the former UW Clinic building); and TID #10 (located north of Interstate I-94, encompassing about 240 acres). All three districts have a 20-year life. The Village amended TID #10 in 2020 to include 60+ acres of recently annexed land from the Town of Sun Prairie, bringing TID 10 to a total of 300 acres. In 2021, Amazon purchased about 150 acres in TID 10 for a proposed 3.4 Million SF Distribution Center.
- Economy (Residential) – the Village had 28 new house starts, valued at \$13,191,660. There were 10 Multi-family permits, with total values of \$87,200,000.
- Economy (Commercial) – there were 16 commercial permits taken out, bringing a value of \$15,768,230 into the Village.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Overview of the Financial Statements

The financial statements consist of the following parts:

- 1) Management's discussion and analysis
- 2) Basic Financial Statements:
 - a) Government-Wide Financial Statements
 - b) Fund Financial Statements
 - c) Notes to the Financial Statements
- 3) Required supplementary information
- 4) Combining Balance Sheet – Nonmajor Governmental Funds
- 5) Combining Statement of Revenues, Expenditures and Changes to Fund Balances – Nonmajor Governmental Funds

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are government-wide financial statements that provide both long- term and short-term information about the Village's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Village government and report the Village's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information found in the financial statements. In addition to these required elements, a section is included with combining statements that provides details about our nonmajor government funds. The nonmajor funds are added together and presented in single columns in the basic financial statements.

Government-Wide Financial Statements

In this section of the audit report you will find information about the reporting government/Village as a whole. It also distinguishes between governmental and business-type activities – governmental for example are financed through taxes, intergovernmental revenues or other types of revenue. In the business-type activity a fee is usually associated with the activity.

This section does not provide the detail of the Fund Financial Statements but instead combines the activity into an overview of the transactions that have happened over the year. It does not, however, include Fiduciary Funds which are shown in the Fund Financial Statements section of the audit report.

The Statement of Net Position gives the reader the ability to see what has impacted the Village's assets over the past year. This Statement also takes into account any liabilities that the Village has or may have incurred over the year that is still outstanding at year end. It is a good indicator of the overall health of the Village and its economy. This report usually defines the major categories within the Village – *Governmental Activities* are basic services provided by the Village such as police, fire, public works, parks, etc. *Business-Type Activities* are services provided that are or may be operated in a more business-like manner – sewer and water utilities.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Fund Financial Statements

In this section of the audit report individual funds are identified and reported in greater detail. Individual funds provide for an accounting mechanism that allows the Village to keep track of revenues and expenditures by a specific purpose or type. Each of these funds is considered a separate accounting entity. Each has its own account structure including assets, liabilities, equity, revenue and expense accounts.

In the most recent updates to accounting and audit practices the audit report recognizes major and nonmajor governmental funds.

Major Governmental Funds

- *General Fund* – Fund #100, this fund is comprised of all the day-to-day operational revenue and expenditure accounts for the Village.
- *General Debt Service Fund* – Fund #300, this fund is used to record and track all interest and principal payments made on debt that the Village has incurred.
- *TIF District #5* – Fund #405, a fund required to record the expenses and revenues pertaining to this District.
- *Capital Projects* – Fund #410, this fund is used to account for financing sources and expenditures related to general capital improvements to Village buildings and infrastructure as well as equipment purchases.

Nonmajor Governmental Funds

Special Revenue Funds

- *Park Development Fees* – Fund #205, this fund is solely supported by fees paid by developers for new parks either dedicated to the Village or fees in lieu of dedication to the Village.
- *Developer Deposits* – Fund #210, this fund represents the activity for developments provided by professional services (lawyer, engineer, planning) which are then billed back to each developer.
- *Tree Fund* – Fund #202, this fund was set up for the Village of Cottage Grove to maintain its Tree City USA standing along with allowing for maintenance of the Village's public environmental areas. The Village levies a specific dollar amount each year based on population to this fund for the purpose of planting trees throughout the Village. It is also used to collect fees from developers for trees required within a given plat. The Village then is responsible for the purchase, planting and maintenance of these trees.
- *American Rescue Plan Act* – Fund #206: There have been no expenses made out of ARPA funding to date.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Capital Project Funds

- *Tax Incremental Financing District #6* – Fund #406, this fund was created (base year 2005) for the purpose of providing funding for infrastructure for the proposed downtown area as well as highway improvements to County Hwy. N.
- *Tax Incremental Financing District - #7* – Fund #407, this fund was created (base year 2005) for the purpose of providing funding for infrastructure and roadway improvements to the south entrance into the Village on County Hwy. N/South Main Street.
- *Tax Incremental Financing District #8* – Fund #508, a fund required to record the expenses and revenues pertaining to this District.
- *Tax Incremental Financing District #9* – Fund #509, a fund required to record the expenses and revenues pertaining to this District.
- *Tax Incremental Financing District #10* – Fund #510, a fund required to record the expenses and revenues pertaining to this District.

The Village maintains and adopts budgets for each of the funds listed with the exception of the Developer Deposits Fund which was set up to record expenses and payments relative to specific developments.

Proprietary or Enterprise Funds – These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing or delivering of goods. The Village proprietary funds are its Public Sewer and Public Water Utilities. In the Village's Financial Statements these funds are reported under Business-Type Activities – Enterprise Funds.

Following the detailed financial reporting on the various funds and fund types, the Financial Statement then provides a series of narratives and/or further explanations in the *Notes to Financial Statements*. Within these notes the statement provides insight into the financial information which had been provided earlier in the statement such as Restricted Assets. An index of these notes is provided within the Statement.

Following the Notes to Financial Statements, *Other Information* is provided which is required *supplementary information*. This supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the required supplementary information.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Financial Analysis of the Village as a Whole

A summary of the Village's Statement of Net Position is presented below: (page 4 of audit report)

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 14,178,757	\$ 12,411,994	\$ 5,466,972	\$ 4,170,134	\$ 19,645,729	\$ 16,582,128
Capital assets	25,918,197	25,319,649	28,826,417	28,833,219	54,744,614	54,152,868
Total assets	40,096,954	37,731,643	34,293,389	33,003,353	74,390,343	70,734,996
Deferred outflows of resources	1,390,051	1,028,619	268,398	186,317	1,658,449	1,214,936
Long-term liabilities	14,737,142	16,484,556	8,534,922	9,275,591	23,272,064	25,760,147
Other liabilities	1,760,267	634,923	433,235	477,624	2,193,502	1,112,547
Total liabilities	16,497,409	17,119,479	8,968,157	9,753,215	25,465,566	26,872,694
Deferred inflows of resources	9,796,057	8,361,847	334,042	215,409	10,130,099	8,577,256
Net investment in capital	14,637,427	12,691,403	20,365,204	19,617,114	33,131,266	30,276,089
Restricted net position	2,142,785	2,257,862	887,518	766,105	3,030,303	3,023,967
Unrestricted net position (deficit)	(1,586,673)	(1,670,329)	4,006,866	2,837,827	4,291,558	3,199,926
Total net position	\$ 15,193,539	\$ 13,278,936	\$ 25,259,588	\$ 23,221,046	\$ 40,453,127	\$ 36,499,982

The largest portion of the Village of Cottage Grove's net position reflects its investment in capital assets (example: land, buildings, improvements, infrastructure, equipment), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

The assets of the Village of Cottage Grove exceeded its liabilities by \$40,453,127 (net position). \$33,131,266 is identified as net investment in capital assets.

It should be noted that any debt associated with these assets must be paid from other sources as these items, for the most part, cannot be liquidated to pay down debt.

Restricted assets are assets set aside or identified for a specific purpose through legality or third parties while unrestricted assets are those assets which may be used at the discretion of the governing body of the Village of Cottage Grove.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Within the Financial Statement a report is provided which indicates the changes in net position based upon the expenses, revenues and transfers made throughout the year within both the Governmental Activities and Business-Type Activities funds. A recap of the year's activity is provided below.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 1,371,793	\$ 1,167,830	\$ 3,570,780	\$ 3,199,007	\$ 4,942,573	\$ 4,366,837
Operating grants and contributions	506,665	506,741	-	-	506,665	506,741
Capital grants and contributions	1,473,022	582,933	1,809,810	1,624,343	3,282,832	2,207,276
Total program revenue	3,351,480	2,257,504	5,380,590	4,823,350	8,732,070	7,080,854
General revenues:						
Tax levied	7,095,497	6,572,398	-	-	7,095,497	6,572,398
Intergovernmental revenues	171,411	267,907	-	-	171,411	267,907
Investment income	28,992	60,233	(1,264)	45,986	27,728	106,219
Gain on disposal of assets	1,102,595	11,281	-	-	1,102,595	11,281
Miscellaneous	241,486	58,984	3,149	-	244,635	58,984
Total general revenues	8,639,981	6,970,803	1,885	45,986	8,641,866	7,016,789
Total revenues	11,991,461	9,228,307	5,382,475	4,869,336	17,373,936	14,097,643
Expenses						
Governmental activities:						
General government	(768,121)	(814,423)	-	-	(768,121)	(814,423)
Public safety	(2,478,889)	(2,562,518)	-	-	(2,478,889)	(2,562,518)
Public works	(2,190,359)	(2,438,056)	-	-	(2,190,359)	(2,438,056)
Culture, recreation and education	(809,894)	(678,294)	-	-	(809,894)	(678,294)
Conservation and development	(3,777,451)	(1,134,231)	-	-	(3,777,451)	(1,134,231)
Interest and fiscal charges	(390,512)	(474,585)	-	-	(390,512)	(474,585)
Business-type activities						
Water utility	-	-	(1,015,737)	(1,061,693)	(1,015,737)	(1,061,693)
Sewer utility	-	-	(1,989,828)	(1,905,852)	(1,989,828)	(1,905,852)
Total expenses	(10,415,226)	(8,102,107)	(3,005,565)	(2,967,545)	(13,420,791)	(11,069,652)
Transfers in (out)	338,368	319,704	(338,368)	(319,704)	-	-
Change in net position	1,914,603	1,445,904	2,038,542	1,582,087	3,953,145	3,027,991
Net Position, Beginning	13,278,936	11,833,032	23,221,046	21,638,959	36,499,982	33,471,991
Net Position, Ending	\$ 15,193,539	\$ 13,278,936	\$ 25,259,588	\$ 23,221,046	\$ 40,453,127	\$ 36,499,982

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Financial Analysis of the Village's Funds

General Fund

The General Fund is the primary fund used by the Village. Within this fund the normal day-to-day activity is recorded. On December 31, 2021, the Village's general fund reported total fund balances of \$2,387,509. \$1,945,231 of the total fund balance represents unrestricted funds. Monies considered nonspendable within the general fund balance totaled \$442,278.

General Debt Service Fund

The General Debt Service Fund is used to record and track all interest and principal payments made on debt that the Village has incurred outside of debt incurred by the Utility Funds. In 2021, \$2,143,651 was paid in principal and interest payments by all funds excluding the Utility Funds. The majority of debt payments were paid by the Tax Incremental Districts. The debt service fund has a fund balance of \$331,437 as of year-end.

TIF District No. 5

In 2000, the Village of Cottage Grove recognized the need for more commercial tax base within the Village and began planning for a Commerce Park at the intersection of CTH N and I-94. In 2003, the infrastructure for the first of two phases was complete and land became available for potential developers. At the end of 2021, the assessed value had risen to \$100,900,900 and the district reports a fund balance of \$974,355.

Capital Projects Fund

In 2014 the Village of Cottage Grove implemented a Capital Improvement Plan, budgeting out at least 5 years for purchases of large equipment items. This plan calls for levying a flat dollar amount each year in the hopes of being able to save certain sums for years when large or many capital items need to be purchased. In 2021, the Village's main capital expenses were for road repaving projects and purchase of an ambulance. The capital projects fund balance at the end of 2021 is \$(461,346).

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

General Fund Budgetary Highlights

Overall

The Village's general fund finished the year with a net fund balance increase of \$132,445. Revenues and other financing sources exceeded budget expectations by \$154,725. Expenditures and other financing uses were over budget by \$106,321, resulting in an overall budget surplus.

General Government

This section of the General Fund budget relates to administration costs associated with management of the Village such as the Village Board, administrator, clerk, treasurer and staff, elections, assessment of property, audit, municipal court, intergovernmental payments and insurances and legal counsel. General government expenditures were over budget by \$37,343.

Public Safety

This section of the budget pertains to the Village police department and police commission, crossing guards, fire department, emergency services, building inspections and hydrant rental. Public safety expenditures were under budgeted by \$35,917 due to increases in electrical inspection costs (which are also reflected in revenues collected).

Public Works

This section pertains to the administration of the department, maintenance of streets and other municipally owned infrastructure (stormwater), traffic control, street lighting, sidewalks, general engineering, refuse collection, storm sewers, weed/nuisance control and the sanitary landfill. Public Works expenditures were over budgeted by \$110,543 due to reduced garbage collection costs.

Leisure Activities

This section of the budget pertains to parks, playgrounds, athletic facilities, recreation programs and senior outreach. At year-end, this section was under budgeted by \$23,601. Recreation revenues also decreased due to the pandemic.

Conservation and Development

This section of the budget pertains to engineering, planning and other professional services related to the efficient and effective planning of new and existing developments within the Village and implementation of the Village's Comprehensive Land Use Plan. In 2021, the planning and development budgets came in over budgeted by approximately \$6,171.

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Tax Rate and Equalized/Assessed Valuation – History 2017-2021

Taxing Jurisdiction	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate
	2017	2018	2019	2020	2021
Village	\$ 6.3073	\$ 6.6524	\$ 7.0421	\$ 6.0766	\$ 6.6556
Dane County	3.8489	3.7648	3.8303	3.2467	3.5176
Monona Grove School District	14.4376	14.3135	15.2525	12.3977	12.2607
Sun Prairie School District	0.0574	.0546	0.0598	0.0500	0.1042
MATC District #4	1.0229	1.0174	7.0421	0.8622	0.8660
State	0.0000	.0000	3.8303	0.0000	0.0000
Less school tax credit	\$ (2.3127)	\$ (2.3429)	\$ (2.3593)	\$ (1.9218)	\$ (1.8243)

Budget Year Tax Levy Year	2017	2018	2019	2020	2021
	2016	2017	2018	2019	2020
Assessed valuation	\$ 648,858,700	\$ 655,160,400	\$ 667,023,400	\$ 685,747,800	\$ 882,574,900
Equalized valuation	675,986,200	711,556,100	746,059,000	798,718,600	906,457,000
Assessment ratio	95.9870%	92.0743%	89.4063%	85.8560%	97.3653%
Total levied	<u>\$ 14,750,111</u>	<u>\$ 15,055,373</u>	<u>\$ 15,298,822</u>	<u>\$ 16,309,647</u>	<u>\$ 16,544,331</u>
Mil rate per \$1,000 value	23.0624	23.3613	23.4599	24.8541	21.5799

Capital Asset Activity

At the end of 2021, the Village had invested a total of \$54,744,614 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment and infrastructure.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and other assets not being depreciated	\$ 10,847,789	\$ 11,442,115	\$ 745,071	\$ 745,071	\$ 11,592,860	\$ 12,187,186
Construction in progress	74,770	89,503	-	-	74,770	89,503
Building and land improvements	9,553,830	9,249,753	-	-	9,553,830	9,249,753
Machinery and equipment	3,796,317	3,693,102	-	-	3,796,317	3,693,102
Infrastructure	29,773,346	28,141,495	-	-	29,773,346	28,141,495
Utility plant	-	-	39,612,899	38,692,947	39,612,899	38,692,947
Total capital assets	54,046,052	52,615,968	40,357,970	39,438,018	94,404,022	92,053,986
Less accumulated depreciation	<u>(28,127,855)</u>	<u>(27,296,319)</u>	<u>(11,531,553)</u>	<u>(10,604,799)</u>	<u>(39,659,408)</u>	<u>(37,901,118)</u>
Net capital assets	<u>\$ 25,918,197</u>	<u>\$ 25,319,649</u>	<u>\$ 28,826,417</u>	<u>\$ 28,833,219</u>	<u>\$ 54,744,614</u>	<u>\$ 53,313,339</u>

Village of Cottage Grove

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Prepared by: Matt Giese, Administrator

Long-Term Debt Activity

Per Wisconsin State Statute, the total general obligation debt of the Village may not exceed 5% of its equalized value of taxable property within the Village. Based on this, the available debt limit as of December 31, 2021 was \$45,322,850. The Village, as of December 31, 2021, had general obligation debt in the amount of \$17,444,325.

<u>General Obligation Debt</u>	<u>Balance 12/31/2020</u>	<u>Increases</u>	<u>Principal Payment</u>	<u>Balance 12/31/2021</u>
General obligation – 2012 promissory	\$ 355,000	\$ -	\$ 175,000	\$ 180,000
General obligation – 2012 refunding	1,025,000	-	25,000	1,000,000
General obligation – 2009 (sewer)	755,265	-	85,940	669,325
General obligation – 2014 refunding	4,080,000	-	650,000	3,430,000
General obligation – 2015 refunding	3,100,000	-	325,000	2,775,000
General obligation – 2017 refunding	5,230,000	-	540,000	4,690,000
General obligation – 2018 (sewer)	2,375,000	-	40,000	2,335,000
General obligation – 2019 promissory	721,000	-	71,000	650,000
General obligation – 2020 promissory	<u>1,820,000</u>	<u>-</u>	<u>105,000</u>	<u>1,715,000</u>
Total general obligation debt	<u>\$ 19,461,265</u>	<u>\$ -</u>	<u>\$ 2,016,940</u>	<u>\$ 17,444,325</u>

The water and sewer utilities have outstanding revenue bonds totaling \$5,151,206 as of December 31, 2021. These bonds are secured by the revenues generated by the utilities.

Request for Information

Residents are asked to read through this report and financial statements carefully. The financial report is intended to give our citizens, customers, investors and creditors a general overview of the Village's finances and is intended to be read in conjunction with the audit report. If you should have any questions, comments or need additional information, please feel free to contact any of the staff listed below.

Village Administrator
Matt Giese
221 E. Cottage Grove Road
Cottage Grove, WI 53527
608-839-4704
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Village of Cottage Grove

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 4,591,171	\$ 3,643,553	\$ 8,234,724
Receivables (net):			
Taxes receivable	8,148,664	-	8,148,664
Delinquent personal property taxes	12,797	-	12,797
Accounts	125,028	770,739	895,767
Special assessments	9,176	-	9,176
Delinquent special assessments	8,225	-	8,225
Land contract	65,000	-	65,000
Accrued interest	4,831	4,672	9,503
Internal balances	(132,718)	132,718	-
Due from other governments	474,785	-	474,785
Prepaid items	109,417	9,452	118,869
Restricted assets:			
Restricted cash and investments	-	742,926	742,926
Net pension asset	762,381	162,912	925,293
Capital assets:			
Land	10,847,789	745,071	11,592,860
Construction in progress	74,770	-	74,770
Other capital assets, net of depreciation	14,995,638	28,081,346	43,076,984
Total assets	<u>40,096,954</u>	<u>34,293,389</u>	<u>74,390,343</u>
Deferred Outflows of Resources			
Unamortized loss on advance refunding	106,917	-	106,917
Pension related amounts	1,283,134	268,398	1,551,532
Total deferred outflows of resources	<u>1,390,051</u>	<u>268,398</u>	<u>1,658,449</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable	964,894	372,247	1,337,141
Accrued liabilities	180,002	50,988	230,990
Unearned revenues	373,824	-	373,824
Deposits	241,547	10,000	251,547
Noncurrent liabilities:			
Due within one year	2,822,736	782,349	3,605,085
Due in more than one year	11,914,406	7,752,573	19,666,979
Total liabilities	<u>16,497,409</u>	<u>8,968,157</u>	<u>25,465,566</u>
Deferred Inflows of Resources			
Unearned tax revenues	8,102,021	-	8,102,021
Pension related amounts	1,694,036	334,042	2,028,078
Total deferred inflows of resources	<u>9,796,057</u>	<u>334,042</u>	<u>10,130,099</u>
Net Position			
Net investment in capital assets	14,637,427	20,365,204	33,131,266
Restricted for:			
Equipment replacement	-	404,647	404,647
Pension	762,381	162,912	925,293
Debt service	236,409	319,959	556,368
TIF districts	1,143,995	-	1,143,995
Unrestricted (deficit)	(1,586,673)	4,006,866	4,291,558
Total net position	<u>\$ 15,193,539</u>	<u>\$ 25,259,588</u>	<u>\$ 40,453,127</u>

See notes to financial statements

Village of Cottage Grove

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	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
Governmental activities:							
General government	\$ 768,121	\$ 57,161	\$ 15,753	\$ -	\$ (695,207)	\$ -	\$ (695,207)
Public safety	2,478,889	536,256	44,384	-	(1,898,249)	-	(1,898,249)
Public works	2,190,359	130,867	435,402	1,473,022	(151,068)	-	(151,068)
Culture, recreation and education	809,894	637,924	11,126	-	(160,844)	-	(160,844)
Conservation and development	3,777,451	9,585	-	-	(3,767,866)	-	(3,767,866)
Interest and fiscal charges	390,512	-	-	-	(390,512)	-	(390,512)
Total governmental activities	<u>10,415,226</u>	<u>1,371,793</u>	<u>506,665</u>	<u>1,473,022</u>	<u>(7,063,746)</u>	<u>-</u>	<u>(7,063,746)</u>
Business-type activities:							
Water utility	1,015,737	1,390,040	-	761,939	-	1,136,242	1,136,242
Sewer utility	<u>1,989,828</u>	<u>2,180,740</u>	<u>-</u>	<u>1,047,871</u>	<u>-</u>	<u>1,238,783</u>	<u>1,238,783</u>
Total business-type activities	<u>3,005,565</u>	<u>3,570,780</u>	<u>-</u>	<u>1,809,810</u>	<u>-</u>	<u>2,375,025</u>	<u>2,375,025</u>
Total	<u>\$ 13,420,791</u>	<u>\$ 4,942,573</u>	<u>\$ 506,665</u>	<u>\$ 3,282,832</u>	<u>(7,063,746)</u>	<u>2,375,025</u>	<u>(4,688,721)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,390,781	-	3,390,781
Property taxes, levied for debt service					607,443	-	607,443
Property taxes, levied for TIF districts					2,684,597	-	2,684,597
Property taxes, levied for other purposes					412,676	-	412,676
Intergovernmental revenues not restricted to specific programs					171,411	-	171,411
Public gifts and grants					15,308	-	15,308
Investment income (loss)					28,992	(1,264)	27,728
Gain on disposal of assets					1,102,595	-	1,102,595
Miscellaneous					226,178	3,149	229,327
Total general revenues					<u>8,639,981</u>	<u>1,885</u>	<u>8,641,866</u>
Transfers					<u>338,368</u>	<u>(338,368)</u>	<u>-</u>
Total general revenues and transfers					<u>8,978,349</u>	<u>(336,483)</u>	<u>8,641,866</u>
Change in net position					1,914,603	2,038,542	3,953,145
Net Position, Beginning					<u>13,278,936</u>	<u>23,221,046</u>	<u>36,499,982</u>
Net Position, Ending					<u>\$ 15,193,539</u>	<u>\$ 25,259,588</u>	<u>\$ 40,453,127</u>

See notes to financial statements

Village of Cottage Grove

Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>General Debt Service Fund</u>	<u>TIF District No. 5</u>	<u>Capital Projects</u>
Assets				
Cash and investments	\$ 1,691,512	\$ 6,417	\$ 1,654,254	\$ -
Receivables:				
Taxes	3,734,833	719,517	2,419,252	402,708
Delinquent personal property taxes	12,797	-	-	-
Accounts	26,038	-	10,954	8,767
Special assessments	-	-	-	7,355
Delinquent special assessments	8,225	-	-	-
Land contract	-	-	-	65,000
Accrued interest	406	511	1,492	911
Due from other funds	440,140	-	-	-
Due from other governments	10,217	-	-	464,568
Prepaid items	109,417	-	-	-
Advances to other funds	311,839	325,020	-	-
	<u>\$ 6,345,424</u>	<u>\$ 1,051,465</u>	<u>\$ 4,085,952</u>	<u>\$ 949,309</u>
Total assets				
	<u>\$ 6,345,424</u>	<u>\$ 1,051,465</u>	<u>\$ 4,085,952</u>	<u>\$ 949,309</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 63,687	\$ -	\$ 690,569	\$ 75,737
Accrued liabilities	83,158	-	284	-
Deposits	49,903	-	-	-
Due to other funds	46,643	-	-	394,376
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
	<u>243,391</u>	<u>-</u>	<u>690,853</u>	<u>470,113</u>
Total liabilities				
	<u>243,391</u>	<u>-</u>	<u>690,853</u>	<u>470,113</u>
Deferred Inflows of Resources				
Unearned revenues	3,688,190	719,517	2,419,252	402,708
Unavailable revenues	26,334	511	1,492	537,834
	<u>3,714,524</u>	<u>720,028</u>	<u>2,420,744</u>	<u>940,542</u>
Total deferred inflows of resources				
	<u>3,714,524</u>	<u>720,028</u>	<u>2,420,744</u>	<u>940,542</u>
Fund Balances (Deficit)				
Nonspendable	442,278	-	-	-
Restricted	-	331,437	974,355	-
Committed	-	-	-	-
Assigned	338,368	-	-	-
Unassigned (deficit)	1,606,863	-	-	(461,346)
	<u>2,387,509</u>	<u>331,437</u>	<u>974,355</u>	<u>(461,346)</u>
Total fund balances (deficit)				
	<u>2,387,509</u>	<u>331,437</u>	<u>974,355</u>	<u>(461,346)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,345,424</u>	<u>\$ 1,051,465</u>	<u>\$ 4,085,952</u>	<u>\$ 949,309</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 1,238,988	\$ 4,591,171
872,354	8,148,664
-	12,797
79,269	125,028
1,821	9,176
-	8,225
-	65,000
1,511	4,831
-	440,140
-	474,785
-	109,417
-	636,859
\$ 2,193,943	\$ 14,626,093

\$ 134,901	\$ 964,894
1,532	84,974
191,644	241,547
45,764	486,783
722,934	722,934
373,824	373,824

1,470,599	2,874,956
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872,354	8,102,021
3,332	569,503

875,686	8,671,524
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-	442,278
165,084	1,470,876
519,484	519,484
-	338,368
(836,910)	308,607

(152,342)	3,079,613
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\$ 2,193,943	\$ 14,626,093
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Village of Cottage Grove

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Total Fund Balances, Governmental Funds	\$ 3,079,613
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	10,847,789
Construction in progress	74,770
Other capital assets	43,123,493
Less accumulated depreciation	(28,127,855)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	569,503
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	762,381
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,283,134
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,694,036)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(14,185,076)
Compensated absences	(229,731)
Accrued interest	(95,028)
Premium on issuance of debt	(322,335)
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	<u>106,917</u>
Net Position of Governmental Activities	<u>\$ 15,193,539</u>

Village of Cottage Grove

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	<u>General Fund</u>	<u>General Debt Service Fund</u>	<u>TIF District No. 5</u>	<u>Capital Projects</u>
Revenues				
Taxes	\$ 3,390,781	\$ 607,443	\$ 1,920,056	\$ 350,000
Intergovernmental	534,479	-	124,435	-
Licenses and permits	507,615	-	-	-
Fines, forfeitures and penalties	37,703	-	-	-
Public charges for services	417,423	-	819	26,941
Special assessments	-	-	-	3,121
Investment income	33,271	(580)	(1,690)	497
Miscellaneous revenues	24,922	-	3,880	211,665
	<u>4,946,194</u>	<u>606,863</u>	<u>2,047,500</u>	<u>592,224</u>
Total revenues				
	<u>4,946,194</u>	<u>606,863</u>	<u>2,047,500</u>	<u>592,224</u>
Expenditures				
Current:				
General government	768,708	-	-	-
Public safety	2,491,863	-	-	-
Public works	1,103,010	-	-	-
Culture, recreation and education	641,907	-	-	-
Conservation and development	101,129	-	2,703,916	-
Capital outlay	-	-	180,080	1,543,653
Debt service:				
Principal	-	1,736,907	-	-
Interest and fiscal charges	-	406,744	-	-
	<u>5,106,617</u>	<u>2,143,651</u>	<u>2,883,996</u>	<u>1,543,653</u>
Total expenditures				
	<u>5,106,617</u>	<u>2,143,651</u>	<u>2,883,996</u>	<u>1,543,653</u>
Excess (deficiency) of revenues over expenditures	<u>(160,423)</u>	<u>(1,536,788)</u>	<u>(836,496)</u>	<u>(951,429)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	1,688,051	-
Transfers in	338,368	1,501,026	-	45,500
Transfers out	(45,500)	-	(1,192,454)	-
	<u>292,868</u>	<u>1,501,026</u>	<u>495,597</u>	<u>45,500</u>
Total other financing sources (uses)				
	<u>292,868</u>	<u>1,501,026</u>	<u>495,597</u>	<u>45,500</u>
Net change in fund balances	132,445	(35,762)	(340,899)	(905,929)
Fund Balances (Deficit), Beginning	<u>2,255,064</u>	<u>367,199</u>	<u>1,315,254</u>	<u>444,583</u>
Fund Balances (deficit), Ending	<u>\$ 2,387,509</u>	<u>\$ 331,437</u>	<u>\$ 974,355</u>	<u>\$ (461,346)</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 827,217	\$ 7,095,497
8,036	666,950
-	507,615
-	37,703
355,364	800,547
2,275	5,396
(1,239)	30,259
<u>13,308</u>	<u>253,775</u>
<u>1,204,961</u>	<u>9,397,742</u>
-	768,708
-	2,491,863
-	1,103,010
-	641,907
697,397	3,502,442
170,509	1,894,242
-	1,736,907
-	<u>406,744</u>
<u>867,906</u>	<u>12,545,823</u>
<u>337,055</u>	<u>(3,148,081)</u>
-	1,688,051
-	1,884,894
<u>(308,572)</u>	<u>(1,546,526)</u>
<u>(308,572)</u>	<u>2,026,419</u>
28,483	(1,121,662)
<u>(180,825)</u>	<u>4,201,275</u>
<u>\$ (152,342)</u>	<u>\$ 3,079,613</u>

See notes to financial statements

Village of Cottage Grove

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds \$ (1,121,662)

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 financial statements	1,894,242
Some items reported as capital outlay were not capitalized	(418,472)
Depreciation is reported in the government-wide financial statements	(1,275,178)
Net book value of assets retired	(608,753)

Contributed capital assets are reported as revenues in the government-wide financial statements.	1,006,709
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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.	483,912
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	1,736,907

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to 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.	
Change in premium on debt issuance	43,241
Change in loss on advance refunding	(42,767)

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	(32,734)
Accrued interest on debt	15,758
Net pension asset/liability	384,375
Deferred outflows of resources related to pensions	404,199
Deferred inflows of resources related to pensions	(555,174)

Change in Net Position of Governmental Activities \$ 1,914,603

Village of Cottage Grove

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 1,599,085	\$ 2,044,468	\$ 3,643,553
Receivables:			
Accounts	337,953	432,786	770,739
Accrued interest	3,037	1,635	4,672
Due from other funds	18,039	28,604	46,643
Prepaid items	4,849	4,603	9,452
Restricted assets:			
Redemption account	<u>154,846</u>	<u>183,433</u>	<u>338,279</u>
Total current assets	<u>2,117,809</u>	<u>2,695,529</u>	<u>4,813,338</u>
Noncurrent assets:			
Restricted assets:			
Equipment replacement account	-	404,647	404,647
Pension asset	89,775	73,137	162,912
Capital assets:			
Property and equipment	19,511,502	20,846,468	40,357,970
Accumulated depreciation	(5,620,802)	(5,910,751)	(11,531,553)
Other assets:			
Advances to other funds	<u>86,075</u>	<u>-</u>	<u>86,075</u>
Total noncurrent assets	<u>14,066,550</u>	<u>15,413,501</u>	<u>29,480,051</u>
Total assets	<u>16,184,359</u>	<u>18,109,030</u>	<u>34,293,389</u>
Deferred Outflows of Resources			
Pension related amounts	<u>146,721</u>	<u>121,677</u>	<u>268,398</u>
Total deferred outflows of resources	<u>146,721</u>	<u>121,677</u>	<u>268,398</u>

See notes to financial statements

Village of Cottage Grove

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 120,871	\$ 251,376	\$ 372,247
Accrued wages	4,903	4,504	9,407
Accrued interest	4,521	18,740	23,261
Compensated absences	13,187	11,066	24,253
General obligation debt	79,042	199,116	278,158
Liabilities payable from restricted assets:			
Revenue bonds payable	218,040	261,898	479,938
Accrued interest payable	9,486	8,834	18,320
Total current liabilities	<u>450,050</u>	<u>755,534</u>	<u>1,205,584</u>
Noncurrent liabilities:			
Long-term debt:			
General obligation debt payable	500,001	2,481,090	2,981,091
Revenue bonds payable	2,946,429	1,724,839	4,671,268
Unamortized debt premium	18,727	32,031	50,758
Compensated absences	27,811	21,645	49,456
Tower lease deposit	10,000	-	10,000
Total noncurrent liabilities	<u>3,502,968</u>	<u>4,259,605</u>	<u>7,762,573</u>
Total liabilities	<u>3,953,018</u>	<u>5,015,139</u>	<u>8,968,157</u>
Deferred Inflows of Resources			
Pension related amounts	<u>182,883</u>	<u>151,159</u>	<u>334,042</u>
Total deferred inflows of resources	<u>182,883</u>	<u>151,159</u>	<u>334,042</u>
Net Position			
Net investment in capital assets	10,128,462	10,236,742	20,365,204
Restricted for:			
Equipment replacement	-	404,647	404,647
Debt service	145,360	174,599	319,959
Pensions	89,775	73,137	162,912
Unrestricted net position	<u>1,831,582</u>	<u>2,175,284</u>	<u>4,006,866</u>
Total net position	<u>\$ 12,195,179</u>	<u>\$ 13,064,409</u>	<u>\$ 25,259,588</u>

See notes to financial statements

Village of Cottage Grove

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 1,390,040	\$ 2,180,740	\$ 3,570,780
Total operating revenues	<u>1,390,040</u>	<u>2,180,740</u>	<u>3,570,780</u>
Operating Expenses			
Operation and maintenance	517,550	1,338,713	1,856,263
Depreciation	<u>424,034</u>	<u>516,460</u>	<u>940,494</u>
Total operating expenses	<u>941,584</u>	<u>1,855,173</u>	<u>2,796,757</u>
Operating income	<u>448,456</u>	<u>325,567</u>	<u>774,023</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	(2,121)	857	(1,264)
Miscellaneous non-operating income	-	3,149	3,149
Interest and fiscal charges	(76,731)	(137,688)	(214,419)
Amortization of discount/premium	<u>2,578</u>	<u>3,033</u>	<u>5,611</u>
Total nonoperating revenues (expenses)	<u>(76,274)</u>	<u>(130,649)</u>	<u>(206,923)</u>
Income before contributions and transfers	<u>372,182</u>	<u>194,918</u>	<u>567,100</u>
Contributions and Transfers			
Capital contributions	761,939	1,047,871	1,809,810
Transfers out	<u>(338,368)</u>	<u>-</u>	<u>(338,368)</u>
Total contributions and transfers	<u>423,571</u>	<u>1,047,871</u>	<u>1,471,442</u>
Change in net position	795,753	1,242,789	2,038,542
Net Position, Beginning	<u>11,399,426</u>	<u>11,821,620</u>	<u>23,221,046</u>
Net Position, Ending	<u>\$ 12,195,179</u>	<u>\$ 13,064,409</u>	<u>\$ 25,259,588</u>

See notes to financial statements

Village of Cottage Grove

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
Cash Flows From Operating Activities			
Received from customers	\$ 1,420,532	\$ 2,109,319	\$ 3,529,851
Paid to suppliers for goods and services	(378,407)	(1,167,220)	(1,545,627)
Paid to employees for services	(218,384)	(181,962)	(400,346)
Net cash flows from operating activities	<u>823,741</u>	<u>760,137</u>	<u>1,583,878</u>
Cash Flows From Investing Activities			
Investment income	(1,325)	1,287	(38)
Investments purchased	(338,762)	(180,768)	(519,530)
Investments sold	296,576	170,937	467,513
Net cash flows from investing activities	<u>(43,511)</u>	<u>(8,544)</u>	<u>(52,055)</u>
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	<u>(338,368)</u>	<u>-</u>	<u>(338,368)</u>
Net cash flows from noncapital financing activities	<u>(338,368)</u>	<u>-</u>	<u>(338,368)</u>
Cash Flows From Capital and Related Financing Activities			
Debt retired	(292,670)	(456,611)	(749,281)
Interest paid	(77,821)	(139,945)	(217,766)
Acquisition and construction of capital assets	(77,109)	(30,462)	(107,571)
Contributions received	450,780	686,465	1,137,245
Net cash flows from capital and related financing activities	<u>3,180</u>	<u>59,447</u>	<u>62,627</u>
Net change in cash and cash equivalents	445,042	811,040	1,256,082
Cash and Cash Equivalents, Beginning	<u>544,270</u>	<u>1,327,123</u>	<u>1,871,393</u>
Cash and Cash Equivalents, Ending	<u>\$ 989,312</u>	<u>\$ 2,138,163</u>	<u>\$ 3,127,475</u>

See notes to financial statements

Village of Cottage Grove

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities			
Operating income	\$ 448,456	\$ 325,567	\$ 774,023
Nonoperating revenue	-	3,149	3,149
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	424,034	516,460	940,494
Depreciation charged to other funds	29,249	(29,249)	-
Changes in assets and liabilities:			
Accounts receivable	(7,766)	(46,845)	(54,611)
Due from other funds	9,009	1,524	10,533
Prepaid items	-	(4,438)	(4,438)
Accounts payable	(51,349)	11,040	(40,309)
Accrued wages	(733)	-	(733)
Compensated absences	7,438	6,785	14,223
Pension related deferrals and assets/liabilities	(29,913)	(23,856)	(53,769)
Prepayments	(4,684)	-	(4,684)
Net cash flows from operating activities	<u>\$ 823,741</u>	<u>\$ 760,137</u>	<u>\$ 1,583,878</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds			
Cash and investments	\$ 1,599,085	\$ 2,044,468	\$ 3,643,553
Restricted cash and investments	154,846	588,080	742,926
Less noncash equivalents	<u>(764,619)</u>	<u>(494,385)</u>	<u>(1,259,004)</u>
Cash and cash equivalents	<u>\$ 989,312</u>	<u>\$ 2,138,163</u>	<u>\$ 3,127,475</u>
Noncash Capital and Related Financing Activities			
Developer financed additions to utility plant	<u>\$ 311,159</u>	<u>\$ 361,406</u>	
Amortization of premium on debt	<u>\$ 2,578</u>	<u>\$ 3,033</u>	

See notes to financial statements

Village of Cottage Grove

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	Custodial Fund
Assets	
Cash and investments	\$ 7,747,979
Taxes receivable	<u>4,091,365</u>
Total assets	<u>11,839,344</u>
Liabilities	
Due to other governments	<u>11,839,344</u>
Total liabilities	<u>11,839,344</u>
Net Position	<u>-</u>
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

Village of Cottage Grove

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2021

	<u>Custodial Fund</u>
Additions	
Property taxes collected for other governments	\$ 9,204,398
Total additions	<u>9,204,398</u>
Deductions	
Property taxes distributed to other governments	<u>9,204,398</u>
Total deductions	<u>9,204,398</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Cottage Grove

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December 31, 2021

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Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Cottage Grove, Wisconsin (the Village) 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 Village. The reporting entity for the Village 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 Village has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

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.

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 Village 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 Village 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 Village 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

- c. In addition, any other governmental or enterprise fund that the Village 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 Village reports the following major governmental funds:

General Fund

General Fund accounts for the Village'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 Funds

General 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 Projects Fund - 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. 5 Capital Projects Fund - 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 Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

The Village 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).

Tree Fund
Developer Deposits

Park Development Fees
American Rescue Plan Act

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Capital Projects Funds

Capital Projects Fund is 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 District No. 6
Tax Incremental District No. 7
Tax Incremental District No. 8

Tax Incremental District No. 9
Tax Incremental District No. 10

In addition, the Village reports the following fund type:

Custodial Funds

Custodial Fund is used to account for and report assets controlled by the Village 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 Village's 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 Village 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village 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. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

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 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 Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Village 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

- 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 Village has adopted an investment policy. That policy follows the state statute for allowable investments. As practicable, investment amounts are limited to the maximum of state and FDIC insurance limits for each institution unless collateralized.

No policy exists for the following risks:

- Credit risk
- Interest rate risk
- Concentration of credit risk

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, 2021, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district 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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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 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.

Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. 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.

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 Statements

Capital assets, which include property, plant and equipment, 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 \$5,000 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, overhead and an allowance for the cost of funds used during construction when significant. 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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	25-40	Years
Land Improvements	20-30	Years
Machinery and Equipment	5-20	Years
Utility System	4-90	Years
Infrastructure	20-50	Years

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.

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.

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.

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, 2021, 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 and accrued compensated absences.

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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

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*.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of *net investment in capital assets* and an increase in *unrestricted* net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 14,637,427	\$ 20,365,204	\$ (1,871,365)	\$ 33,131,266
Unrestricted (deficit)	(1,586,673)	4,006,866	1,871,365	4,291,558

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

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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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

The Village has a formal fund balance policy. That policy is to maintain unrestricted general fund balance between the range of 20% to 30% of the general fund annual operating budget. The balance at year end was \$1,945,231 or 40.17% and is included in assigned and unassigned general fund balance.

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

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective September 30, 2021. Current rates are designed to provide an 3% return on rate base.

Sewer Utility

Current sewer rates were approved by the utility commission and became effective on September 30, 2021.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

2. Stewardship, Compliance and Accountability

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>
General debt service	\$ 2,111,505	\$ 2,143,651	\$ 32,146
Tax Incremental District No. 5	-	4,076,450	4,076,450
Park Development Fees	-	80,403	80,403
Capital projects	446,500	1,543,653	1,097,153
Tax Incremental District No. 6	-	118,350	118,350
Tax Incremental District No. 7	-	832,111	832,111
Tax Incremental District No. 8	-	887	887
Tax Incremental District No. 9	-	75,383	75,383
Tax Incremental District No. 10	-	9,169	9,169

The Village controls expenditures at the department level. Some individual objects experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village'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, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Developer Deposits	\$ 6,719	Uncollectible accounts
TIF District No. 6	722,934	Project costs and debt payments exceed increments collected
TIF District No. 9	61,198	Project costs exceed increments collected
TIF District No. 10	46,059	Project costs exceed increments collected
Capital Projects	461,346	Unavailable grant related and developer related reimbursement

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. Other fund deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

3. Detailed Notes on All Funds

Deposits and Investments

The Village'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	\$ 13,746,252	\$ 12,009,006	Custodial credit
U.S. agencies	849,656	849,656	Credit, custodial credit, concentration of credit, interest rate
Certificates of deposit (negotiable)	1,686,681	1,686,681	Custodial credit, credit, interest rate
Local government investment pool (LGIP)	5,058	5,058	Credit
State and local bonds	437,630	437,630	Credit, custodial credit, concentration of credit, interest rate
Petty cash	<u>352</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 16,725,629</u>	<u>\$ 14,988,031</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 8,234,724		
Restricted cash and investments	742,926		
Per statement of fiduciary net position:			
Custodial Fund	<u>7,747,979</u>		
Total deposits and investments	<u>\$ 16,725,629</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 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 Village's investments are covered by SIPC.

The Village maintains collateral agreements with its banks. At December 31, 2021, the banks had pledged various government securities in the amount of \$10,580,235 to secure the Village's deposits.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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

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

- Quoted market prices

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	\$ -	\$ 849,656	\$ -	\$ 849,656
Certificates of deposit (negotiable)	-	1,686,681	-	1,686,681
State and local bonds	-	437,630	-	437,630
Total	<u>\$ -</u>	<u>\$ 2,973,967</u>	<u>\$ -</u>	<u>\$ 2,973,967</u>

Custodial Credit Risk

Deposits

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

The Village does not have any deposits exposed to custodial credit risk.

Investments

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

As of December 31, 2021, \$2,473,967 of the Village's total investments were exposed to custodial credit risk.

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, 2021, the Village's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies, implicitly guaranteed	AA+	Aaa A1, Aa1,
Certificates of deposit (negotiable)	AA+, AA, AA-, N/R	Aa3, Baa1, A3, N/R
State & local bonds	AA+, AA, AA-, N/R	Aa1, Aa2, Aa3, N/R

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

The Village also held investments in the following external pool which is not rated:

Local Government Investment Pool (LGIP)

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, 2021, the Village's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHMLC	U.S. agencies, implicitly guaranteed	10.00 %
Rennville CNTY MINN	State and local bonds	6.42
Wells Fargo National Bank West	Certificates of deposit (negotiable)	8.07
Wells Fargo Bank, National Association	Certificates of deposit (negotiable)	6.92
Federal Home Loan Banks	U.S. agencies, implicitly guaranteed	18.52
Sallie Mae Bank	Certificates of deposit (negotiable)	5.07
Morgan Stanley Bank	Certificates of deposit (negotiable)	8.50
Texas Exchange Bank, SSB	Certificates of deposit (negotiable)	6.38

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, 2021, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-4	More than 4
Certificates of deposit (negotiable)	\$ 1,686,681	\$ 898,101	\$ 788,580	\$ -
State & local bonds	437,630	161,573	276,057	-
U.S. agencies, implicitly guaranteed	849,656	-	849,656	-
Total	<u>\$ 2,973,967</u>	<u>\$ 1,059,674</u>	<u>\$ 1,914,293</u>	<u>\$ -</u>

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

Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects	TIF District No. 7	Total
Receivables:				
Amounts not expected to be collected within one year	\$ 21,022	\$ 72,355	\$ 1,821	\$ 95,198
Total	<u>\$ 21,022</u>	<u>\$ 72,355</u>	<u>\$ 1,821</u>	<u>\$ 95,198</u>

Village of Cottage Grove

Notes to Financial Statements
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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	\$ 8,102,021	\$ -
Special assessments not yet due	-	9,176
Grants receivable	-	464,568
Land contract	-	65,000
Accrued interest	-	4,831
SRO	-	25,928
Grant funds received in advance of allowable expenditures	<u>373,824</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 8,475,845</u>	<u>\$ 569,503</u>
Unearned revenue included in liabilities	\$ 373,824	
Unearned revenue included in deferred inflows	<u>8,102,021</u>	
Total unearned revenue for governmental funds	<u>\$ 8,475,845</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

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.

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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Following is a list of restricted assets at December 31, 2021:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 338,279	\$ 18,320	\$ 319,959
Equipment replacement account	404,647	-	404,647
Net pension asset	925,293	-	925,293
Total	<u>\$ 1,668,219</u>	<u>\$ 18,320</u>	<u>\$ 1,649,899</u>

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 11,442,115	\$ -	\$ 594,326	\$ 10,847,789
Construction in progress	89,503	74,770	89,503	74,770
Total capital assets not being depreciated / amortized	<u>11,531,618</u>	<u>74,770</u>	<u>683,829</u>	<u>10,922,559</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	9,249,753	304,077	-	9,553,830
Machinery and equipment	3,693,102	123,825	20,610	3,796,317
Streets	15,413,881	919,425	307,143	16,026,163
Storm sewers	7,600,580	836,108	-	8,436,688
Street signals	291,292	-	-	291,292
Sidewalks	3,615,712	220,746	121,286	3,715,172
Terrace trees	619,752	13,265	9,030	623,987
Bike trails	600,278	79,766	-	680,044
Total capital assets being depreciated / amortized	<u>41,084,350</u>	<u>2,497,212</u>	<u>458,069</u>	<u>43,123,493</u>
Total capital assets	<u>52,615,968</u>	<u>2,571,982</u>	<u>1,141,898</u>	<u>54,046,052</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation / amortization for:				
Buildings and improvements	\$ (2,703,575)	\$ (211,060)	\$ -	\$ (2,914,635)
Machinery and equipment	(1,771,710)	(213,574)	6,183	(1,979,101)
Streets	(12,474,379)	(474,662)	307,143	(12,641,898)
Storm sewers	(6,104,100)	(244,740)	-	(6,348,840)
Street signals	(166,058)	(8,739)	-	(174,797)
Sidewalks	(3,259,003)	(73,309)	121,286	(3,211,026)
Terrace trees	(619,752)	(85)	9,030	(610,807)
Bike trails	<u>(197,742)</u>	<u>(49,009)</u>	<u>-</u>	<u>(246,751)</u>
Total accumulated depreciation / amortization	<u>(27,296,319)</u>	<u>(1,275,178)</u>	<u>443,642</u>	<u>(28,127,855)</u>
Net capital assets being depreciated / amortized	<u>13,788,031</u>	<u>1,222,034</u>	<u>14,427</u>	<u>14,995,638</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 25,319,649</u>	<u>\$ 1,296,804</u>	<u>\$ 698,256</u>	<u>\$ 25,918,197</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 12,268
Public safety	81,522
Public works	957,243
Culture, education and recreation	152,953
Conservation and development	<u>71,192</u>
Total governmental activities depreciation / amortization expense	<u>\$ 1,275,178</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 230,245	\$ -	\$ -	\$ 230,245
Total capital assets not being depreciated / amortized	<u>230,245</u>	<u>-</u>	<u>-</u>	<u>230,245</u>
Capital assets being depreciated:				
Buildings and improvements	1,330,803	-	-	1,330,803
Equipment and machinery	905,127	-	-	905,127
Infrastructure	16,510,373	541,824	6,870	17,045,327
Total capital assets being depreciated / amortized	<u>18,746,303</u>	<u>541,824</u>	<u>6,870</u>	<u>19,281,257</u>
Total capital assets	<u>18,976,548</u>	<u>541,824</u>	<u>6,870</u>	<u>19,511,502</u>
Less accumulated depreciation for:				
Water plant	<u>(5,174,389)</u>	<u>(453,283)</u>	<u>6,870</u>	<u>(5,620,802)</u>
Total accumulated depreciation / amortization	<u>(5,174,389)</u>	<u>(453,283)</u>	<u>6,870</u>	<u>(5,620,802)</u>
Net capital assets being depreciated / amortized	<u>13,571,914</u>	<u>88,541</u>	<u>-</u>	<u>13,660,455</u>
Net water capital assets	<u>\$ 13,802,159</u>	<u>\$ 88,541</u>	<u>\$ -</u>	<u>\$ 13,890,700</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 514,826	\$ -	\$ -	\$ 514,826
Total capital assets not being depreciated / amortized	<u>514,826</u>	<u>-</u>	<u>-</u>	<u>514,826</u>
Capital assets being depreciated:				
Buildings and improvements	3,176,724	48,840	-	3,225,564
Equipment and machinery	3,949,890	343,028	6,870	4,286,048
Infrastructure	12,820,030	-	-	12,820,030
Total capital assets being depreciated / amortized	<u>19,946,644</u>	<u>391,868</u>	<u>6,870</u>	<u>20,331,642</u>
Total capital assets	<u>20,461,470</u>	<u>391,868</u>	<u>6,870</u>	<u>20,846,468</u>
Less accumulated depreciation for				
Sewer plant	<u>(5,430,410)</u>	<u>(487,211)</u>	<u>6,870</u>	<u>(5,910,751)</u>
Total accumulated depreciation / amortization	<u>(5,430,410)</u>	<u>(487,211)</u>	<u>6,870</u>	<u>(5,910,751)</u>
Net capital assets being depreciated / amortized	<u>14,516,234</u>	<u>(95,343)</u>	<u>-</u>	<u>14,420,891</u>
Net sewer capital assets	<u>\$ 15,031,060</u>	<u>\$ (95,343)</u>	<u>\$ -</u>	<u>\$ 14,935,717</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 28,833,219</u>	<u>\$ (6,802)</u>	<u>\$ -</u>	<u>\$ 28,826,417</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$	424,034
Sewer		<u>516,460</u>
Total business-type activities depreciation expense	\$	<u>940,494</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.

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	TID No. 10	\$ 45,764
Water Utility	General Fund	18,039
Sewer Utility	General Fund	28,604
General Fund	Capital Projects Fund	<u>394,376</u>
Total, fund financial statements		486,783
Less government-wide eliminations		(440,140)
Add interfund advances		<u>86,075</u>
Total internal balances, government-wide statement of net position		<u>\$ 132,718</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ -
Business-type activities	Governmental activities	<u>132,718</u>
Total government-wide financial statements		<u>\$ 132,718</u>

All amounts are due within one year.

The principal purpose of these interfunds is to record temporary timing differences for the payment of cash between funds. 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 water utility is advancing funds to TIF District No. 6. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources incurred in 2014. The amount of the advance totals \$86,075. No repayment schedule has been established.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

The General Debt Service Fund and General Fund are also advancing funds to TIF District No. 6. The amount advanced represents the deficiency of revenues over expenditures incurred since 2014. The amount of the advance totals \$311,839 and \$325,020 from the General Fund and General Debt Service Fund, respectively. No repayment schedule has been established. No interest is being charged.

The principal purpose of these advances is to fund the TIF district's deficit.

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	Water Utility	\$ 338,368	Utility tax equivalent
General Debt Service Fund	TIF No. 5	1,192,454	TIF debt payment
General Debt Service Fund	TIF No. 6	116,700	TIF debt payment
General Debt Service Fund	TIF No. 7	191,872	TIF debt payment
Capital Projects Fund	General Fund	<u>45,500</u>	Capital projects funding
	Total, fund financial statements	1,884,894	
	Less fund eliminations	<u>(1,546,526)</u>	
	Total transfers, government-wide statement of activities	<u>\$ 338,368</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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 15,200,983	\$ -	\$ 1,665,907	\$ 13,535,076	\$ 2,660,076
General obligation notes from direct borrowings and direct placements	721,000	-	71,000	650,000	73,000
(Discounts)/Premiums	<u>365,576</u>	<u>-</u>	<u>43,241</u>	<u>322,335</u>	<u>-</u>
Total bonds and notes payable	<u>16,287,559</u>	<u>-</u>	<u>1,780,148</u>	<u>14,507,411</u>	<u>2,733,076</u>
Other liabilities:					
Vested compensated absences	<u>196,997</u>	<u>103,927</u>	<u>71,193</u>	<u>229,731</u>	<u>89,660</u>
Total other liabilities	<u>196,997</u>	<u>103,927</u>	<u>71,193</u>	<u>229,731</u>	<u>89,660</u>
Total governmental activities long-term liabilities	<u>\$ 16,484,556</u>	<u>\$ 103,927</u>	<u>\$ 1,851,341</u>	<u>\$ 14,737,142</u>	<u>\$ 2,822,736</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,784,018	\$ -	\$ 194,093	\$ 2,589,925	\$ 189,925
General obligation notes from direct borrowings and direct placements	755,264	-	85,940	669,324	88,233
Revenue bonds	5,620,454	-	469,248	5,151,206	479,938
(Discounts)/Premiums	<u>56,369</u>	<u>-</u>	<u>5,611</u>	<u>50,758</u>	<u>-</u>
Total bonds and notes payable	<u>9,216,105</u>	<u>-</u>	<u>754,892</u>	<u>8,461,213</u>	<u>758,096</u>
Other liabilities:					
Vested compensated absences	<u>59,486</u>	<u>35,195</u>	<u>20,972</u>	<u>73,709</u>	<u>24,253</u>
Total other liabilities	<u>59,486</u>	<u>35,195</u>	<u>20,972</u>	<u>73,709</u>	<u>24,253</u>
Total business-type activities long-term liabilities	<u>\$ 9,275,591</u>	<u>\$ 35,195</u>	<u>\$ 775,864</u>	<u>\$ 8,534,922</u>	<u>\$ 782,349</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2021, was \$45,322,850. Total general obligation debt outstanding at year end was \$17,444,325.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. 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, 2021</u>
Taxable refunding bonds	9/5/2012	4/1/2022	1.00 - 3.25%	\$ 1,545,000	\$ 1,000,000
Promissory notes	9/5/2012	4/1/2022	1.00 - 2.25%	1,324,492	150,076
General obligation refunding bonds	6/12/2014	4/1/2026	2.00 - 2.25%	6,420,000	3,430,000
General obligation refunding bonds	4/7/2015	4/1/2031	2.00 - 3.00%	3,475,000	2,485,000
General obligation corporate purpose bonds	4/12/2017	4/1/2037	3.00 - 3.75%	5,403,083	3,765,000
General obligation corporate purpose bonds	6/20/2018	4/1/2038	3.00 - 3.75%	990,000	990,000
General obligation corporate purpose bonds	7/22/2019	4/1/2029	2.79%	785,000	650,000
General obligation corporate purpose bonds	6/18/2020	4/1/2040	2.00%	1,820,000	<u>1,715,000</u>
Total governmental activities, general obligation debt					<u>\$ 14,185,076</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, 2021</u>
Promissory notes	2/25/2009	5/1/2028	2.67%	\$ 1,561,932	\$ 669,324
Taxable promissory notes	9/5/2012	4/1/2022	1.00 - 2.25%	175,324	19,042
Taxable promissory notes	9/5/2012	4/1/2022	1.00 - 2.25%	100,185	10,883
General obligation refunding bonds	4/7/2015	4/1/2025	2.00 - 3.00%	725,000	290,000
General obligation corporate purpose bonds	4/12/2017	4/1/2037	3.00 - 3.75%	1,096,917	925,000
General obligation corporate purpose bonds	6/20/2018	4/1/2038	3.00 - 3.75%	1,425,000	<u>1,345,000</u>
Total business-type activities, general obligation debt					<u>\$ 3,259,249</u>

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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>
2022	\$ 2,660,076	\$ 319,507	\$ 189,925	\$ 78,392
2023	1,850,000	258,794	160,000	73,256
2024	1,865,000	211,482	160,000	68,632
2025	1,935,000	162,934	160,000	64,156
2026	1,545,000	118,275	135,000	59,881
2027-2031	2,375,000	317,638	735,000	235,806
2032-2036	815,000	112,394	780,000	115,184
2037-2040	490,000	18,156	270,000	8,231
Total	<u>\$ 13,535,076</u>	<u>\$ 1,519,180</u>	<u>\$ 2,589,925</u>	<u>\$ 703,538</u>

<u>Years</u>	<u>Governmental Activities General Obligation Debt from Direct Borrowings and Direct Placements</u>		<u>Business-Type Activities General Obligation Debt from Direct Borrowings And Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 73,000	\$ 17,117	\$ 88,233	\$ 16,681
2023	75,000	15,052	90,587	14,295
2024	77,000	12,932	93,004	11,846
2025	80,000	10,742	95,485	9,332
2026	82,000	8,482	98,033	6,750
2027-2030	263,000	11,146	203,982	5,478
Total	<u>\$ 650,000</u>	<u>\$ 75,471</u>	<u>\$ 669,324</u>	<u>\$ 64,382</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utilities.

The sewer utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the improvements to the sewer utility system. The bonds are payable solely from customer revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 24.05% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,177,837. Principal and interest paid for the current year and total customer net revenues were \$311,501 and \$1,419,838, respectively.

The water utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2013, 2015 and 2016. Proceeds from the bonds provided financing for the improvements to the water utility system. The bonds are payable solely from customer revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 14.49% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,549,378. Principal and interest paid for the current year and total customer net revenues were \$273,013 and \$1,632,798, respectively.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Revenue debt payable at December 31, 2021, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
Water Utility					
Revenue bonds	6/12/2013	5/1/2033	1.93%	\$ 2,840,252	\$ 1,781,579
Revenue bonds	12/23/2015	5/1/2035	2.28	730,296	533,540
Revenue bonds	12/28/2016	5/1/2036	1.54	1,122,400	<u>849,350</u>
				Total Water Utility	<u>3,164,469</u>
Sewer Utility					
Revenue bonds	2/25/2009	5/1/2028	2.67	4,636,221	<u>1,986,737</u>
				Total Sewer Utility	<u>1,986,737</u>
				Total business-type activities, revenue debt	<u>\$ 5,151,206</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 479,938	\$ 104,449
2023	490,882	93,377
2024	502,083	82,043
2025	513,550	70,440
2026	525,287	58,564
2027-2031	1,842,352	142,936
2032-2036	<u>797,114</u>	<u>24,200</u>
Total	<u>\$ 5,151,206</u>	<u>\$ 576,009</u>

Other Debt Information

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

Village of Cottage Grove

Notes to Financial Statements

December 31, 2021

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 10,847,789
Construction in progress	74,770
Other capital assets, net of accumulated depreciation	14,995,638
Less long-term debt outstanding	(14,185,076)
Plus noncapital debt proceeds	3,119,724
Less premium on capital-related long-term debt	(322,335)
Plus unamortized loss on refunding	<u>106,917</u>
 Total net investment in capital assets	 <u>14,637,427</u>

Restricted:

Debt service	236,409
TIF districts	1,143,995
Pensions	<u>762,381</u>
 Total restricted	 <u>2,142,785</u>

Unrestricted (deficit)	<u>(1,586,673)</u>
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Total governmental activities net position	<u><u>\$ 15,193,539</u></u>
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Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>General Debt Service Fund</u>	<u>TIF District No. 5</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable:						
Prepaid items	\$ 109,417	\$ -	\$ -	\$ -	\$ -	\$ 109,417
Delinquent special assessments	12,797	-	-	-	-	12,797
Delinquent personal property taxes	8,225	-	-	-	-	8,225
Advance to other funds	<u>311,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,839</u>
Subtotal	<u>442,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,278</u>
Restricted for:						
Debt service	-	331,437	-	-	-	331,437
TIF districts	-	-	974,355	-	165,043	1,139,398
ARPA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>41</u>
Subtotal	<u>-</u>	<u>331,437</u>	<u>974,355</u>	<u>-</u>	<u>165,084</u>	<u>1,470,876</u>
Committed to:						
Park development	-	-	-	-	482,966	482,966
Street trees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,518</u>	<u>36,518</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>519,484</u>	<u>519,484</u>
Assigned to:						
Payment in lieu of taxes	<u>338,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,368</u>
Subtotal	<u>338,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,368</u>
Unassigned (deficit):	<u>1,606,863</u>	<u>-</u>	<u>-</u>	<u>(461,346)</u>	<u>(836,910)</u>	<u>308,607</u>
Total fund balances (deficit)	<u>\$ 2,387,509</u>	<u>\$ 331,437</u>	<u>\$ 974,355</u>	<u>\$ (461,346)</u>	<u>\$ (152,342)</u>	<u>\$ 3,079,613</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 745,071
Other capital assets, net of accumulated depreciation	28,081,346
Less long-term debt outstanding	(8,410,455)
Less unamortized debt premium	<u>(50,758)</u>
Total net investment in capital assets	<u>20,365,204</u>

Restricted:

Equipment replacement	404,647
Debt service	319,959
Pensions	<u>162,912</u>
Total restricted	<u>887,518</u>

Unrestricted

4,006,866

Total business-type activities net position

\$ 25,259,588

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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>.

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 12/31/2016) 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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>
2011	(1.2)	11.0
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

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 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 \$178,751 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Pension Liability/(asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Village reported a liability/(asset) of \$(925,293) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability/(asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.01482096%, which was an increase of 0.00084660% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$(115,931).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,339,183	\$ 288,457
Changes in assumptions	20,987	-
Net differences between projected and actual earnings on pension plan investments	-	1,737,162
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,627	2,459
Employer contributions subsequent to the measurement date	<u>179,735</u>	<u>-</u>
Total	<u>\$ 1,551,532</u>	<u>\$ 2,028,078</u>

\$179,735 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2022	\$ (168,915)
2023	(44,202)
2024	(311,570)
2025	(131,594)

Village of Cottage Grove

Notes to Financial Statements

December 31, 2021

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Village of Cottage Grove

Notes to Financial Statements

December 31, 2021

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:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

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

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

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

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

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 880,750	\$ (925,293)	\$ (2,251,818)

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, 2021, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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 Village 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 Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

The Village 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.

The Village has entered into TIF agreements with several developers that commit the Village to making payments to the developer if certain conditions are met. The obligations do not constitute a charged upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligations are not reported as liabilities in the accompanying financial statements.

Village of Cottage Grove

Notes to Financial Statements
December 31, 2021

Joint Ventures

The Village of Cottage Grove and the Town of Cottage Grove jointly operate the emergency government, emergency building maintenance and fire protection districts, which is called the The Village of Cottage Grove, Town of Cottage Grove, Village of Deerfield and Town of Deerfield jointly operate the local emergency medical service. (districts) and provides .

The governing body is made up of citizens from each community. Local representatives are appointed by the Village board. The governing body has authority to adopt its own budget and control the financial affairs of the districts. The Village is obligated by the joint venture agreement to remit an amount annually to the districts. The Village made a payment to the districts of \$363,448 in 2021.

Financial information of the districts as of December 31, 2021 is available directly from the districts's office.

The Village accounts for its share of the operation of all joint ventures in the general fund. The Village has an equity interest in the EMS district; however, the equity interest is not material and, consequently, is not reported in these financial statements.

The Village does not have an equity interest in the other joint ventures.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
General property taxes	\$ 3,319,581	\$ 3,390,781	\$ 71,200
Total taxes	<u>3,319,581</u>	<u>3,390,781</u>	<u>71,200</u>
Intergovernmental Revenues			
State shared revenues	46,249	39,405	(6,844)
Fire insurance tax from state	30,000	33,066	3,066
State aid, recycling	9,500	9,697	197
State aid, transportation	422,094	421,541	(553)
State aid, exempt computers	13,700	3,699	(10,001)
Town aid, recreation	10,000	11,318	1,318
State aid, general government	<u>15,753</u>	<u>15,753</u>	<u>-</u>
Total intergovernmental revenues	<u>547,296</u>	<u>534,479</u>	<u>(12,817)</u>
Licenses and Permits			
Liquor and malt beverage licenses	10,000	9,695	(305)
Operators' license	4,000	4,820	820
Dog and cat licenses	1,400	2,606	1,206
Cigarette licenses	350	400	50
Sign permits	1,000	975	(25)
Building permits	250,600	236,701	(13,899)
Electrical permits	50,000	89,241	39,241
Plumbing permits	60,000	77,861	17,861
Heating permits	50,000	68,822	18,822
Other licenses and permits	<u>42,750</u>	<u>16,494</u>	<u>(26,256)</u>
Total licenses and permits	<u>470,100</u>	<u>507,615</u>	<u>37,515</u>
Fines, Forfeitures and Penalties			
Law and ordinance violations	25,000	21,330	(3,670)
Court penalties and costs	<u>12,000</u>	<u>16,373</u>	<u>4,373</u>
Total fines, forfeitures and penalties	<u>37,000</u>	<u>37,703</u>	<u>703</u>
Public Charges for Services			
Recreation programs	135,900	233,790	97,890
Park fees	5,100	9,829	4,729
Public works fees	11,000	7,407	(3,593)
Clerk fees	3,500	7,295	3,795
Weed and nuisance control	200	-	(200)
Erosion control fees	6,000	9,585	3,585
Refuse and garbage collection	1,000	1,677	677
Recycling	121,292	120,964	(328)
Miscellaneous fees	12,500	14,876	2,376
School liaison officer	35,000	-	(35,000)
Cable television	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total public charges for services	<u>343,492</u>	<u>417,423</u>	<u>73,931</u>

See notes to required supplementary information

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest on investments	\$ 35,000	\$ 29,798	\$ (5,202)
Interest on delinquent taxes	<u>1,000</u>	<u>3,473</u>	<u>2,473</u>
Total investment income	<u>36,000</u>	<u>33,271</u>	<u>(2,729)</u>
Miscellaneous			
Property sales	-	(503)	(503)
Donations	9,000	13,126	4,126
Patronage dividend	17,000	-	(17,000)
Other miscellaneous	<u>12,000</u>	<u>12,299</u>	<u>299</u>
Total miscellaneous	<u>38,000</u>	<u>24,922</u>	<u>(13,078)</u>
Total revenues	<u>4,791,469</u>	<u>4,946,194</u>	<u>154,725</u>
Expenditures			
General Government			
Board	27,502	28,669	(1,167)
Village President	6,998	6,468	530
Administrator	52,660	54,491	(1,831)
Clerk	131,453	138,629	(7,176)
Elections	8,000	7,672	328
Assessment of property	19,000	16,997	2,003
Treasury	190,430	255,476	(65,046)
Legal counseling	107,500	93,888	13,612
Municipal court	53,380	56,404	(3,024)
Village Hall	82,700	76,167	6,533
Property and liability insurance	26,300	21,051	5,249
Other general government	<u>25,442</u>	<u>12,796</u>	<u>12,646</u>
Total	<u>731,365</u>	<u>768,708</u>	<u>(37,343)</u>
Public Safety			
Police	1,597,786	1,625,079	(27,293)
School patrol	23,457	27,122	(3,665)
Fire department	67,692	70,175	(2,483)
Emergency government	5,750	995	4,755
Emergency services	42,633	35,378	7,255
Ambulance	316,478	310,448	6,030
Building inspection	250,150	223,042	27,108
Electrical inspection	50,000	73,909	(23,909)
Plumbing inspection	50,000	66,680	(16,680)
Sealer of weights and measure	2,000	2,000	-
HVAC inspection	<u>50,000</u>	<u>57,035</u>	<u>(7,035)</u>
Total	<u>2,455,946</u>	<u>2,491,863</u>	<u>(35,917)</u>

See notes to required supplementary information

Village of Cottage Grove

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Public Works			
Administration	\$ 321,662	\$ 316,800	\$ 4,862
Municipal garage	6,600	5,291	1,309
Engineering	16,000	18,602	(2,602)
Street maintenance	277,800	247,009	30,791
Traffic control	14,800	13,858	942
Street lighting	101,000	87,157	13,843
Sidewalks	24,000	19,371	4,629
Refuse and garbage collection	401,441	351,214	50,227
Storm sewers	33,000	29,446	3,554
Sanitary landfill	12,250	13,760	(1,510)
Beautification	5,000	502	4,498
Total	<u>1,213,553</u>	<u>1,103,010</u>	<u>110,543</u>
Culture, Recreation and Education			
Parks	160,087	151,170	8,917
Athletic fields	98,661	90,417	8,244
Recreation programs	323,835	355,012	(31,177)
Senior outreach	24,000	24,000	-
Cable television	11,723	21,308	(9,585)
Total	<u>618,306</u>	<u>641,907</u>	<u>(23,601)</u>
Conservation and Development			
Planning	50,450	49,713	737
Economic development	56,850	51,416	5,434
Total	<u>107,300</u>	<u>101,129</u>	<u>6,171</u>
Total expenditures	<u>5,126,470</u>	<u>5,106,617</u>	<u>19,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(335,001)</u>	<u>(160,423)</u>	<u>174,578</u>
Other Financing Sources (Uses)			
Transfers in	330,000	338,368	8,368
Transfers out	(45,500)	(45,500)	-
Total other financing sources (uses)	<u>284,500</u>	<u>292,868</u>	<u>8,368</u>
Net change in fund balance	(50,501)	132,445	182,946
Fund Balance, Beginning	<u>2,255,064</u>	<u>2,255,064</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,204,563</u>	<u>\$ 2,387,509</u>	<u>\$ 182,946</u>

See notes to required supplementary information

Village of Cottage Grove

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2021

Fiscal Year Ending	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/ (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	0.01482096 %	\$ (925,293)	\$ 2,061,369	44.89 %	105.26 %
12/31/20	0.01397436 %	(450,597)	1,839,442	24.50 %	102.96 %
12/31/19	0.01336792 %	475,588	1,744,017	27.27 %	96.45 %
12/31/18	0.01242634 %	(368,952)	1,627,014	22.68 %	102.93 %
12/31/17	0.01195499 %	98,538	1,561,314	6.31 %	99.12 %
12/31/16	0.01154323 %	187,575	1,399,689	13.40 %	98.20 %
12/31/15	0.01161188 %	(285,141)	1,421,828	20.05 %	102.74 %

Schedule of Employer Contributions - Wisconsin Retirement System

For the Year Ended December 31, 2021

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/21	\$ 179,735	\$ 179,735	\$ -	\$ 2,056,335	8.74 %
12/31/20	171,238	171,238	-	2,061,370	8.31 %
12/31/19	150,262	150,262	-	1,839,442	8.17 %
12/31/18	137,259	137,259	-	1,674,747	8.20 %
12/31/17	135,672	135,672	-	1,614,853	8.40 %
12/31/16	120,207	120,207	-	1,561,314	7.70 %
12/31/15	113,529	113,529	-	1,445,431	7.85 %

See notes to the required supplementary information

Village of Cottage Grove

Notes to Required Supplementary Information
Year Ended December 31, 2021

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditure.

Wisconsin Retirement System

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

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

SUPPLEMENTARY INFORMATION

Village of Cottage Grove

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Special Revenue Funds				Capital Projects Funds
	Park Development Fees	Developer Deposits	Tree Fund	American Rescue Plan Act	TIF District No. 6
Assets					
Cash and investments	\$ 482,966	\$ 166,719	\$ 37,466	\$ 373,865	\$ -
Receivables:					
Taxes	-	-	69,162	-	57,756
Accounts	-	79,269	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	227	-	-	-	771
Total assets	<u>\$ 483,193</u>	<u>\$ 245,988</u>	<u>\$ 106,628</u>	<u>\$ 373,865</u>	<u>\$ 58,527</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 61,063	\$ -	\$ -	\$ -
Accrued liabilities	-	-	948	-	-
Deposits	-	191,644	-	-	-
Advances from other funds	-	-	-	-	722,934
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	373,824	-
Total liabilities	<u>-</u>	<u>252,707</u>	<u>948</u>	<u>373,824</u>	<u>722,934</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	69,162	-	57,756
Unavailable revenues	227	-	-	-	771
Total deferred inflows of resources	<u>227</u>	<u>-</u>	<u>69,162</u>	<u>-</u>	<u>58,527</u>
Fund Balances (Deficit)					
Restricted	-	-	-	41	-
Committed	482,966	-	36,518	-	-
Unassigned (deficit)	-	(6,719)	-	-	(722,934)
Total fund balances (deficit)	<u>482,966</u>	<u>(6,719)</u>	<u>36,518</u>	<u>41</u>	<u>(722,934)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 483,193</u>	<u>\$ 245,988</u>	<u>\$ 106,628</u>	<u>\$ 373,865</u>	<u>\$ 58,527</u>

Capital Projects Funds

<u>TIF District No. 7</u>	<u>TIF District No. 8</u>	<u>TIF District No. 9</u>	<u>TIF District No. 10</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 163,684	\$ 1,664	\$ 12,624	\$ -	\$ 1,238,988
653,972	-	-	91,464	872,354
-	-	-	-	79,269
1,821	-	-	-	1,821
513	-	-	-	1,511
<u>\$ 819,990</u>	<u>\$ 1,664</u>	<u>\$ 12,624</u>	<u>\$ 91,464</u>	<u>\$ 2,193,943</u>
\$ 137	\$ -	\$ 73,701	\$ -	\$ 134,901
47	121	121	295	1,532
-	-	-	-	191,644
-	-	-	-	722,934
-	-	-	45,764	45,764
-	-	-	-	373,824
<u>184</u>	<u>121</u>	<u>73,822</u>	<u>46,059</u>	<u>1,470,599</u>
653,972	-	-	91,464	872,354
<u>2,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,332</u>
<u>656,306</u>	<u>-</u>	<u>-</u>	<u>91,464</u>	<u>875,686</u>
163,500	1,543	-	-	165,084
-	-	-	-	519,484
<u>-</u>	<u>-</u>	<u>(61,198)</u>	<u>(46,059)</u>	<u>(836,910)</u>
<u>163,500</u>	<u>1,543</u>	<u>(61,198)</u>	<u>(46,059)</u>	<u>(152,342)</u>
<u>\$ 819,990</u>	<u>\$ 1,664</u>	<u>\$ 12,624</u>	<u>\$ 91,464</u>	<u>\$ 2,193,943</u>

Village of Cottage Grove

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds				Capital Projects Funds
	Park Development Fees	Developer Deposits	Tree Fund	American Rescue Plan Act	TIF District No. 6
Revenues					
Taxes	\$ -	\$ -	\$ 62,676	\$ -	\$ 59,284
Intergovernmental	-	-	-	-	3,158
Public charges for services	355,364	-	-	-	-
Special assessments	-	-	-	-	-
Investment income (loss)	(301)	-	-	41	(873)
Miscellaneous revenues	-	-	13,308	-	-
Total revenues	<u>355,063</u>	<u>-</u>	<u>75,984</u>	<u>41</u>	<u>61,569</u>
Expenditures					
Current:					
Conservation and development	-	-	60,175	-	150
Capital outlay	<u>80,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>80,403</u>	<u>-</u>	<u>60,175</u>	<u>-</u>	<u>1,650</u>
Excess (deficiency) of revenues over expenditures	<u>274,660</u>	<u>-</u>	<u>15,809</u>	<u>41</u>	<u>59,919</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(116,700)
Total other financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,700)</u>
Net change in fund balances	274,660	-	15,809	41	(56,781)
Fund Balances (Deficit), Beginning	<u>208,306</u>	<u>(6,719)</u>	<u>20,709</u>	<u>-</u>	<u>(666,153)</u>
Fund Balances (Deficit), Ending	<u>\$ 482,966</u>	<u>\$ (6,719)</u>	<u>\$ 36,518</u>	<u>\$ 41</u>	<u>\$ (722,934)</u>

Capital Projects Funds				Total Nonmajor Governmental Funds
TIF District No. 7	TIF District No. 8	TIF District No. 9	TIF District No. 10	
\$ 689,195	\$ -	\$ 16,062	\$ -	\$ 827,217
4,878	-	-	-	8,036
-	-	-	-	355,364
2,275	-	-	-	2,275
(106)	-	-	-	(1,239)
-	-	-	-	13,308
<u>696,242</u>	<u>-</u>	<u>16,062</u>	<u>-</u>	<u>1,204,961</u>
636,085	271	271	445	697,397
4,154	616	75,112	8,724	170,509
<u>640,239</u>	<u>887</u>	<u>75,383</u>	<u>9,169</u>	<u>867,906</u>
<u>56,003</u>	<u>(887)</u>	<u>(59,321)</u>	<u>(9,169)</u>	<u>337,055</u>
<u>(191,872)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,572)</u>
<u>(191,872)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,572)</u>
(135,869)	(887)	(59,321)	(9,169)	28,483
<u>299,369</u>	<u>2,430</u>	<u>(1,877)</u>	<u>(36,890)</u>	<u>(180,825)</u>
<u>\$ 163,500</u>	<u>\$ 1,543</u>	<u>\$ (61,198)</u>	<u>\$ (46,059)</u>	<u>\$ (152,342)</u>