

TOWN OF CHILTON, WISCONSIN
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023

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DECEMBER 31, 2023

MEMBERS OF THE TOWN BOARD

Chairman	John Schwarz
Treasurer	Eric Plate
Deputy Treasurer	David Juckem
Supervisor	Randy Lisowe
Supervisor	Richard Buechel
Clerk	Sheila Koehler-Oakley



INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Chilton, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Town of Chilton as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Chilton's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Chilton, as of December 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Chilton, Wisconsin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic

financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information. The other information comprises the detailed statement of revenues and other financing sources - budget and actual general fund and detailed statement of expenditures and other financing uses - budget and actual general fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Town of Chilton's 2022 financial statements, and our report dated May 15, 2023, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2024 on our consideration of the Town of Chilton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chilton's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
April 17, 2024

TOWN OF CHILTON, WISCONSIN
BASIC
FINANCIAL STATEMENTS

TOWN OF CHILTON, WISCONSIN

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF CHILTON, WISCONSIN

STATEMENT OF NET POSITION

DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

	GOVERNMENTAL ACTIVITIES	
	2023	2022
ASSETS		
Cash and investments	\$ 32,191,415	\$ 30,557,404
Capital assets (net of accumulated depreciation)		
Capital assets not being depreciated	39,925	15,000
Capital assets being depreciated	2,800,393	2,343,672
TOTAL ASSETS	35,031,733	32,916,076
 TOTAL ASSETS	 35,031,733	 32,916,076
 LIABILITIES		
Accrued liabilities		
Payroll	4,962	4,934
Deposit payable	4,594	920
Unearned revenue - other	87,762	87,762
TOTAL LIABILITIES	97,318	93,616
 NET POSITION		
Net investment in capital assets	2,840,318	2,358,672
Restricted for		
General	2,000,000	2,000,000
Unrestricted	30,094,097	28,463,788
TOTAL NET POSITION	34,934,415	32,822,460
 TOTAL LIABILITIES AND NET POSITION	 \$ 35,031,733	 \$ 32,916,076

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES 2023	TOTAL GOVERNMENTAL ACTIVITIES 2022
PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES					
General government	\$ 184,661	\$ 9,468	\$ -	\$ (175,193)	\$ (132,884)
Public safety	100,744	-	5,645	(95,099)	(84,567)
Public works	1,447,748	2,044,099	129,603	725,954	219,632
Health and human services	7,500	-	-	(7,500)	(7,020)
Conservation and development	5,353	-	-	(5,353)	(2,823)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,746,006	\$ 2,053,567	\$ 135,248	442,809	(7,662)
General revenues					
Taxes					
Property taxes				21	226
Other taxes				700	71
Intergovernmental revenues not restricted to specific program:				24,037	54,759
Interest and investment income				24,074	11,791
Miscellaneous				883,865	985,819
Change in fair value of investments				736,449	(3,348,474)
Total general revenues				1,669,146	(2,295,808)
CHANGE IN NET POSITION				2,111,955	(2,303,470)
NET POSITION - BEGINNING OF YEAR				32,822,460	35,125,930
NET POSITION - END OF YEAR				\$ 34,934,415	\$ 32,822,460

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN

**FUND
FINANCIAL STATEMENTS**

TOWN OF CHILTON, WISCONSIN

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

	GENERAL FUND	
	2023	2022
ASSETS		
Cash and investments	\$ 32,191,415	\$ 30,557,404
LIABILITIES		
Accrued expenses		
Payroll	4,962	4,934
Deposit payable	4,594	920
Unearned revenue - other	87,762	87,762
TOTAL LIABILITIES	97,318	93,616
FUND BALANCE		
Restricted	2,000,000	2,000,000
Unassigned	30,094,097	28,463,788
TOTAL FUND BALANCE	32,094,097	30,463,788
Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:		
Governmental capital asset	\$ 5,859,876	
Governmental accumulated depreciation	(3,019,558)	2,358,672
Total net position - governmental activities	\$ 34,934,415	\$ 32,822,460

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	GENERAL FUND	
	2023	2022
REVENUES		
Taxes	\$ 721	\$ 297
Intergovernmental	159,285	186,986
Licenses and permits	6,463	3,412
Public charges for services	2,044,099	1,766,483
Miscellaneous	904,345	1,000,695
Change in fair value of investments	736,449	(3,348,474)
TOTAL REVENUES	3,851,362	(390,601)
EXPENDITURES		
Current		
General government	203,742	159,549
Public safety	100,744	89,591
Public works	1,910,313	1,660,709
Health and human services	7,500	7,020
Conservation and development	5,353	2,823
TOTAL EXPENDITURES	2,227,652	1,919,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,623,710	(2,310,293)
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	6,599	-
NET CHANGE IN FUND BALANCE	1,630,309	(2,310,293)
FUND BALANCE - BEGINNING OF YEAR	30,463,788	32,774,081
FUND BALANCE - END OF YEAR	\$ 32,094,097	\$ 30,463,788

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	TOTAL GOVERNMENTAL FUND	
	2023	2022
Net change in fund balances - total governmental fund	\$ 1,630,309	\$ (2,310,293)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital outlay reported as other expenses in governmental fund statements	\$ 773,771	
Depreciation expense reported in the statement of activities	(292,125)	
Amount by which capital outlays are greater than depreciation in the current period:	481,646	6,823
 Change in net position - governmental activities	 <u>\$ 2,111,955</u>	 <u>\$ (2,303,470)</u>

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN

STATEMENT OF NET POSITION

FIDUCIARY FUND

DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	CUSTODIAL FUND	
	2023	2022
ASSETS		
Cash and investments	\$ 453,812	\$ 344,485
Taxes receivable	<u>1,621,926</u>	<u>1,582,111</u>
TOTAL ASSETS	<u>2,075,738</u>	<u>1,926,596</u>
LIABILITIES		
Due to other governments	<u>453,812</u>	<u>344,485</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for subsequent year	<u>1,621,926</u>	<u>1,582,111</u>
NET POSITION		
Restricted for other governments	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	CUSTODIAL FUND	
	2023	2022
ADDITIONS		
Collections for other governments	\$ 789,382	\$ 1,763,792
DEDUCTIONS		
Payments to other governments	789,382	1,763,792
CHANGE IN NET POSITION	-	-
NET POSITION - BEGINNING OF YEAR	-	-
NET POSITION - END OF YEAR	\$ -	\$ -

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The Town of Chilton, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin. The Town operates under a Town Board form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The Town's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the Town has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the Town's financial accountability for a legally separate organization: the Town is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town may be financially accountable if an organization is fiscally dependent on the Town regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town 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

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the Town's primary operating fund.

In addition, the Town reports the following fund type:

Fiduciary Custodial Fund - Tax - is used to account for assets held by the Town for other governmental units.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Accounts Receivable - Accounts receivable have been adjusted for all uncollectible accounts. No allowance for uncollectible accounts has been recorded since management believes all accounts are collectible. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

Capital Assets - In the government-wide financial statements, fixed assets are accounted for as capital assets. Land, infrastructure, and buildings are recorded regardless of cost. All other capital assets are defined by the government as assets with an initial cost of \$5,000 or more for general capital 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 assets are reported at their estimated acquisition value at the date of donation.

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 of depreciation. The range of estimated useful lives by type of asset for governmental activities is as follows:

Land improvements	20 - 50 years
Buildings	25 - 50 years
Equipment	5 - 50 years
Infrastructure	20 - 40 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences - Under terms of employment, employees are granted personal time off at varying amounts based on their employment anniversary. Unused vacation will not be paid out if the employee voluntarily leaves or is involuntarily terminated.

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding

TOWN OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The Town classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the Town itself, using its highest level of decision making authority - Town Board policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body, the Town Board has authorized the Clerk and/or Treasurer to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the Town's policy to record the net loss against unassigned fund balance, then assigned fund balance, and finally to committed fund balance until exhausted. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Summarized Comparative Information - The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly such information should be read in conjunction with the government's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE 2 - Cash and Investments

State statutes permit the Town to invest available cash balances in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2023, the Town had the following investments:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 264,909
Certificates of deposit	More than one year	256,964
Fixed Income	More than one year	<u>31,503,626</u>
Total		<u>\$ 32,025,499</u>

Determining Fair Value - The Town 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements:

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 2 - Cash and Investments - Continued

- 1) Fixed income investments are determined based on published market quotations (level 1 inputs).

Income Allocation - Interest income is allocated to the fund which owns the certificate of deposit, money market account, savings account and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The Town does not have a formal investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investment choices. The fixed income investments are primarily composed of bonds that are rated AA or higher.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2023, \$86,924 of the Town's bank balance of \$986,924 was uninsured and uncollateralized.

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31 or payable in full on January 31. Personal property taxes are payable in full on January 31. The Town bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the county for collection. Delinquent personal property tax remains the collection responsibility of the Town. Town property tax revenue is recognized in the year it is levied for and available for use. The 2023 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 4 - Capital Assets

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in progress	<u>-</u>	<u>24,925</u>	<u>-</u>	<u>24,925</u>
Total capital assets not being depreciated	<u>15,000</u>	<u>24,925</u>	<u>-</u>	<u>39,925</u>
Capital assets being depreciated:				
Buildings and improvements	330,300	-	-	330,300
Equipment	646,462	-	-	646,462
Infrastructure	<u>4,094,343</u>	<u>748,846</u>	<u>-</u>	<u>4,843,189</u>
Total capital assets being depreciated	<u>5,071,105</u>	<u>748,846</u>	<u>-</u>	<u>5,819,951</u>
Less accumulated depreciation for:				
Buildings and improvements	(320,172)	(2,060)	-	(322,232)
Equipment	(235,129)	(81,897)	-	(317,026)
Infrastructure	<u>(2,172,132)</u>	<u>(208,168)</u>	<u>-</u>	<u>(2,380,300)</u>
Total accumulated depreciation	<u>(2,727,433)</u>	<u>(292,125)</u>	<u>-</u>	<u>(3,019,558)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>2,343,672</u>	<u>456,721</u>	<u>-</u>	<u>2,800,393</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 2,358,672</u>	<u>\$ 481,646</u>	<u>\$ -</u>	<u>\$ 2,840,318</u>

Infrastructure information prior to January 1, 1980 is not included in the above amount.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,844
Public works	<u>286,281</u>
Total	<u>\$ 292,125</u>

NOTE 5 - Long-Term Obligations

General Obligation Debt Limit Calculation - The 2023 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$157,417,700. The legal debt limit and margin of indebtedness as of December 31, 2023, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

Debt limit (5% of \$157,417,700)	\$ 7,870,885
Applicable long-term debt	(-)
Amount available in debt service	<u>-</u>
Margin of indebtedness	<u>\$ 7,870,885</u>

TOWN OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Landfill expenses	\$ 2,000,000
 <u>Net Position</u>		
Governmental Activities		
Restricted		
General	Landfill expenses	\$ 2,000,000

The Town has adopted a minimum fund balance policy in the amount of 20% of general fund expenditures be maintained for cash flow and working capital purposes.

NOTE 7 - Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the Town's policy is to purchase commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

TOWN OF CHILTON, WISCONSIN
REQUIRED
SUPPLEMENTARY INFORMATION

TOWN OF CHILTON, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH	2022
	ORIGINAL	FINAL		FINAL BUDGET	
				POSITIVE (NEGATIVE)	
REVENUES					
Taxes	\$ 500	\$ 500	\$ 721	\$ 221	\$ 297
Intergovernmental	133,500	133,500	159,285	25,785	186,986
Licenses and permits	3,200	3,200	6,463	3,263	3,412
Public charges for services	1,403,000	1,403,000	2,044,099	641,099	1,766,483
Miscellaneous	950,900	950,900	904,345	(46,555)	1,000,695
Change in fair value of investments	-	-	736,449	736,449	(3,348,474)
TOTAL REVENUES	2,491,100	2,491,100	3,851,362	1,360,262	(390,601)
EXPENDITURES					
Current					
General government	309,100	309,100	203,742	105,358	159,549
Public safety	102,400	102,400	100,744	1,656	89,591
Public works	2,071,100	2,071,100	1,910,313	160,787	1,660,709
Health and human services	8,500	8,500	7,500	1,000	7,020
Conservation and development	-	-	5,353	(5,353)	2,823
TOTAL EXPENDITURES	2,491,100	2,491,100	2,227,652	263,448	1,919,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	1,623,710	1,623,710	(2,310,293)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	6,599	6,599	-
NET CHANGE IN FUND BALANCE	-	-	1,630,309	1,630,309	(2,310,293)
FUND BALANCE - BEGINNING OF YEAR	30,463,788	30,463,788	30,463,788	-	32,774,081
FUND BALANCE - END OF YEAR	\$ 30,463,788	\$ 30,463,788	\$ 32,094,097	\$ 1,630,309	\$ 30,463,788

The accompanying notes are an integral part of these statements.

TOWN OF CHILTON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2023

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Clerk submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted for taxpayers to approve the tax levy and budget. This includes all required public notifications and publications prior to the public hearing.
3. In October, the budget is legally enacted by the through passage of motion.
4. The department heads are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Town Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the Town Board.
9. Appropriations lapse at year-end, except those specifically carried forward by Board action.
10. Encumbrance accounting is not used.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

Conservation and development	\$ 5,353
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TOWN OF CHILTON, WISCONSIN

OTHER INFORMATION

TOWN OF CHILTON, WISCONSIN
 DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2022 ACTUAL</u>
REVENUES				
Taxes				
Property	\$ 100	\$ 21	\$ (79)	\$ 226
Private forest crop/managed forest land	-	45	45	71
Interest and penalties on delinquent taxes	<u>400</u>	<u>655</u>	<u>255</u>	<u>-</u>
TOTAL	<u>500</u>	<u>721</u>	<u>221</u>	<u>297</u>
Intergovernmental				
Federal grants	-	-	-	29,466
State shared taxes	7,500	29,577	22,077	29,111
State grants - transportation	120,000	123,987	3,987	121,583
Other state payments	<u>6,000</u>	<u>5,721</u>	<u>(279)</u>	<u>6,826</u>
TOTAL	<u>133,500</u>	<u>159,285</u>	<u>25,785</u>	<u>186,986</u>
Licenses and Permits				
Business and occupational licenses	-	680	680	640
Building permits and inspection fees	2,800	5,040	2,240	2,365
Other regulatory permits and fees	<u>400</u>	<u>743</u>	<u>343</u>	<u>407</u>
TOTAL	<u>3,200</u>	<u>6,463</u>	<u>3,263</u>	<u>3,412</u>
Public Charges for Services				
Transportation	203,000	114,431	(88,569)	3,593
Sanitation and utilities	<u>1,200,000</u>	<u>1,929,668</u>	<u>729,668</u>	<u>1,762,890</u>
TOTAL	<u>1,403,000</u>	<u>2,044,099</u>	<u>641,099</u>	<u>1,766,483</u>
Miscellaneous				
Interest	950,000	899,591	(50,409)	994,757
Change in fair value of investments	-	736,449	736,449	(3,348,474)
Rent	800	3,005	2,205	3,085
Other miscellaneous	<u>100</u>	<u>1,749</u>	<u>1,649</u>	<u>2,853</u>
TOTAL	<u>950,900</u>	<u>1,640,794</u>	<u>689,894</u>	<u>(2,347,779)</u>
TOTAL REVENUES	<u>2,491,100</u>	<u>3,851,362</u>	<u>1,360,262</u>	<u>(390,601)</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	6,599	6,599	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>6,599</u>	<u>6,599</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,491,100</u>	<u>\$ 3,857,961</u>	<u>\$ 1,366,861</u>	<u>\$ (390,601)</u>

TOWN OF CHILTON, WISCONSIN
 DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2022 ACTUAL
EXPENDITURES				
General Government				
Legislative	\$ 47,600	\$ 42,340	\$ 5,260	\$ 40,843
Legal	7,050	3,706	3,344	770
General administration	49,150	36,187	12,963	37,819
Financial administration	99,300	54,796	44,504	42,643
General buildings and plant	91,000	52,480	38,520	25,523
Illegal taxes refunded	-	538	(538)	-
Other insurance	<u>15,000</u>	<u>13,695</u>	<u>1,305</u>	<u>11,951</u>
TOTAL	<u>309,100</u>	<u>203,742</u>	<u>105,358</u>	<u>159,549</u>
Public Safety				
Fire protection	92,000	91,033	967	79,766
Ambulance	<u>10,400</u>	<u>9,711</u>	<u>689</u>	<u>9,825</u>
TOTAL	<u>102,400</u>	<u>100,744</u>	<u>1,656</u>	<u>89,591</u>
Public Works				
Street maintenance and construction	1,132,800	972,854	159,946	764,687
Sanitation	<u>938,300</u>	<u>937,459</u>	<u>841</u>	<u>896,022</u>
TOTAL	<u>2,071,100</u>	<u>1,910,313</u>	<u>160,787</u>	<u>1,660,709</u>
Health and Human Services				
Other health and human services	<u>8,500</u>	<u>7,500</u>	<u>1,000</u>	<u>7,020</u>
TOTAL	<u>8,500</u>	<u>7,500</u>	<u>1,000</u>	<u>7,020</u>
Conservation and Development				
Other conservation and development	<u>-</u>	<u>5,353</u>	<u>(5,353)</u>	<u>2,823</u>
TOTAL	<u>-</u>	<u>5,353</u>	<u>(5,353)</u>	<u>2,823</u>
TOTAL EXPENDITURES	<u>\$ 2,491,100</u>	<u>\$ 2,227,652</u>	<u>\$ 263,448</u>	<u>\$ 1,919,692</u>

TOWN OF CHILTON, WISCONSIN
OTHER REPORTS



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

To the Town Board
Town of Chilton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Chilton, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Chilton, Wisconsin's basic financial statements, and have issued our report thereon dated April 17, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Chilton's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

2023-001 - Preparation of Financial Statements

Program: Government-Wide.

Criteria: Adequate internal controls necessitate personnel (management or others) of the Town have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2022-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a certified public accounting (CPA) firm. Management has concluded to hire a CPA firm.

2023-002 - Segregation of Duties

Program: Government-Wide.

Criteria: Separation of accounting duties is necessary for adequate internal control.

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2022-002.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our Town. We will continue to use other controls, where practical, to compensate for this limitation.

2023-003 - Material Audit Adjustments

Program: Government-Wide

Criteria: Generally accepted accounting principles.

Condition: Material audit adjustments were required to prevent the Town's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2022-003.

Recommendation: Improve the Town's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

Management Response: The Town will incorporate financial reporting internal controls to detect material adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Chilton, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Town of Chilton, Wisconsin's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Chilton, Wisconsin's responses to the findings identified in our audit are described above. The Town of Chilton, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chilton's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chilton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
April 17, 2024