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Town of  
**Cottage Grove**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2023**

**Town of Cottage Grove**

**Table of Contents**

**December 31, 2023**

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	i - iii
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	iv - xiii
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position.....	1
Statement of Activities.....	2
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds .....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Statement of Fiduciary Net Position – Fiduciary Fund .....	7
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	8
Notes to the Financial Statements.....	9 - 33
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	34
Wisconsin Retirement System Schedules .....	35
Notes to the Required Supplementary Information.....	36 - 39
<b>SUPPLEMENTARY INFORMATION</b>	
Detailed Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund .....	40 - 41
Detailed Schedule of Expenditures – Budget and Actual – General Fund.....	42 - 43



## **INDEPENDENT AUDITOR'S REPORT**

To the Town Board  
Town of Cottage Grove  
Cottage Grove, Wisconsin

### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cottage Grove, 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 Cottage Grove, Wisconsin'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, each major fund, and the aggregate remaining fund information of the Town of Cottage Grove, Wisconsin, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cottage Grove, 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 Cottage Grove, Wisconsin'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.



### ***Auditor's 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 auditor's 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 Cottage Grove, Wisconsin '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 Cottage Grove, Wisconsin'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 management's discussion and analysis, budgetary comparison information, and Wisconsin Retirement System schedules on pages iv through xiii and pages 34 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cottage Grove, Wisconsin's basic financial statements. The detailed budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and were derived from and relate 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 budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
May 6, 2024

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The Town of Cottage Grove's discussion and analysis provides an overview of the Town's financial activities for the fiscal year ended December 31, 2023. Since the information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Town's financial statements.

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### FINANCIAL HIGHLIGHTS

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- The Town's net position was \$25,137 higher as a result of this year's operations. Unrestricted net position was \$2,730,050 at December 31, 2023, an increase of \$934,268 or 52.03 percent more from last year.
- Unassigned general fund balance reported an increase this year of \$616,208, increasing the fund balance to \$1,647,562. As of December 31, 2023, the unassigned fund balance was 36.47 percent of budgeted 2024 general fund expenditures.
- The Town's net expense of all governmental activities this year was \$1,811,516 compared to net revenue of \$66,930 in the prior year.
- Net Capital Assets were \$10,313,123 at December 31, 2023, a decrease of \$81,430 from prior year.
- The Town had a total \$1,530,827 in notes outstanding resulting mainly from road maintenance projects, purchase of a 2020 International truck, and purchase of a 2022 fire truck.

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### OVERVIEW OF FINANCIAL STATEMENTS

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This annual report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 3. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant fund.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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#### *GOVERNMENT-WIDE STATEMENTS*

The government-wide statements report information about the Town using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. They include all funds with the exception of the fiduciary funds.

The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

The two government-wide statements report the Town's net position and changes in them. Net Position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

#### *FUND FINANCIAL STATEMENTS*

The fund financial statements provide detailed information about the individual funds – not the Town as a whole. The funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs.

#### *Major Governmental Funds*

*General Fund* – The Town's ordinary operations are reported in the general fund, which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. The general fund statement provides a detailed short-term view of the Town's general government operations and the basic services it provides.

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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#### *Non-Major Governmental Funds*

##### *Special Revenue Funds:*

Cemetery Trust Fund – Specific revenue the Town receives that is restricted to finance Liberty Cemetery.

#### *Fiduciary Funds*

The Town is a trustee or agent for individuals, private organizations, and/or other governmental units for assets held by the Town. The Town reports tax collections payable to overlying taxing jurisdictions in a custodial fund. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 7 and Statement of Changes in Fiduciary Net Position on Page 8. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

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The Town's net position was higher, increasing from \$11,507,167 to \$11,532,304. Last year's net position increased \$25,137. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TOWN OF COTTAGE GROVE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

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**TABLE 1**  
**STATEMENT OF NET POSITION**

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	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>
Current and Other Assets	\$ 4,644,865	\$ 4,542,756	\$ 102,109
Capital Assets	10,313,123	10,394,553	(81,430)
Restricted Assets	-	137,139	(137,139)
<b>Total Assets</b>	<b><u>14,957,988</u></b>	<b><u>15,074,448</u></b>	<b><u>(116,460)</u></b>
Deferred Outflows of Resources	<u>322,921</u>	<u>266,864</u>	<u>56,057</u>
Short-term Debt Outstanding	-	323,790	(323,790)
Long-term Debt Outstanding	1,530,827	827,001	703,826
Lease Liability	34,844	46,164	(11,320)
Other Liabilities	439,154	520,481	(81,327)
<b>Total Liabilities</b>	<b><u>2,004,825</u></b>	<b><u>1,717,436</u></b>	<b><u>287,389</u></b>
Deferred Inflows of Resources	<u>1,743,780</u>	<u>2,116,709</u>	<u>(372,929)</u>
Net Investment in			
Capital Assets	8,747,452	9,521,388	(773,936)
Restricted	54,802	189,997	(135,195)
Unrestricted	<u>2,730,050</u>	<u>1,795,782</u>	<u>934,268</u>
<b>Total Net Position</b>	<b><u>\$ 11,532,304</u></b>	<b><u>\$ 11,507,167</u></b>	<b><u>\$ 25,137</u></b>

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from a \$1,795,782 surplus to a \$2,730,050 surplus at the end of this year.

**TOWN OF COTTAGE GROVE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

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**TABLE 2**  
**STATEMENT OF ACTIVITIES**

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	2023	2022	Dollar Change
Revenues			
Program Revenues			
Charges for services	\$ 829,095	\$ 1,189,952	\$ (360,857)
Operating grants	310,881	339,692	(28,811)
Capital grants	220,965	2,010,045	(1,789,080)
General Revenues			
Property taxes	1,771,506	1,738,962	32,544
Other taxes	3,923	6,875	(2,952)
Intergovernmental	149,554	91,232	58,322
Investment income	133,175	34,734	98,441
Gain (Loss) on disposal of assets	(229,171)	(9,859)	(219,312)
Miscellaneous	7,666	2,521	5,145
Total Revenues	\$ 3,197,594	\$ 5,404,154	\$ (2,206,560)
Expenses			
General government	\$ 338,902	\$ 345,220	\$ (6,318)
Public safety	1,239,770	1,513,940	(274,170)
Public works	1,527,496	1,548,512	(21,016)
Health and human services	7,357	8,014	(657)
Culture, education and recreation	22,990	25,757	(2,767)
Conservation and development	3,135	3,135	-
Interest and fiscal charges	32,807	28,181	4,626
Total Expenses	\$ 3,172,457	\$ 3,472,759	\$ (300,302)
Change in Net Position	25,137	1,931,395	(1,906,258)
<b>NET POSITION – BEGINNING OF YEAR</b>	<b>11,507,167</b>	<b>9,575,772</b>	<b>1,931,395</b>
<b>NET POSITION – END OF YEAR</b>	<b>\$ 11,532,304</b>	<b>\$ 11,507,167</b>	<b>\$ 25,137</b>

**TOWN OF COTTAGE GROVE**

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2023

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

The Town’s total revenue decreased by 40.83 percent or \$2,206,560. The total cost of all programs and services decreased by 8.65 percent or \$300,302. The Town covered this year’s costs with revenues. The analysis below separately considers the operations of governmental activities.

**GOVERNMENTAL ACTIVITIES**

The cost of all governmental activities this year was \$3,172,457 compared to \$3,472,759 last year. However, as shown in the Statement of Activities on page 2, the amount that taxpayers ultimately financed for these activities through taxes was \$1,811,516 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of the Town’s programs as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government	\$ 338,902	\$ 345,220	\$ 275,804	\$ 275,893
Public Safety	1,239,770	1,513,940	803,905	676,117
Public Works	1,527,496	1,548,512	673,546	(1,071,641)
Health and Human Services	7,357	8,014	6,972	7,000
Culture, Education and Recreation	22,990	25,757	19,920	18,482
Conservation and Development	3,135	3,135	(1,438)	(962)
Interest and Fiscal Charges	32,807	28,181	32,807	28,181
	<u>\$ 3,172,457</u>	<u>\$ 3,472,759</u>	<u>\$ 1,811,516</u>	<u>\$ (66,930)</u>

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

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#### GENERAL FUND

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The Town's general fund (as presented in the balance sheet on page 3) reported a combined fund balance of \$2,017,814, which is higher than last year's total of \$1,300,643.

#### *GENERAL FUND BUDGETARY HIGHLIGHTS*

The Town Board revised the Town budget to include the following:

- Increase Fire Department Expense by \$112,804 to replace Cottage Grove Fire Department radios.
- Increase EMS Expense by \$16,233 to replace Deer-Grove EMS radios.
- Increase Village Fire Expense by \$81,814 to account for the Village of Cottage Grove's share of the radio replacements.
- Allocate \$47,213 of American Rescue Plan Act Funds to cover the Town's share of the cost of the radios.
- Increase Contractor expense by \$11,821, Town Board Legal Expenses by \$21,150, Town Planner Expense by \$3,874 and Other Board Expenses by \$5,000 due to unbudgeted expenses related to Town Engineer, Town Attorney, Town Planner and Ehlers review of future developments and potential TID/sewer project.
- Increase Developer Reimbursements by \$32,325 to account for revenue received from developers for review of their projects.
- Increase Fire Protection Capital Outlay by \$26,500 for purchase of a 2012 Chevrolet Suburban Command Vehicle, and allocate \$26,500 of Pleasant Springs Fire Funds to pay for it.
- Increase Emergency Building Maintenance by \$17,702 and allocate the same amount in ESB Repair Funds to pay for it, as decided by the Cottage Grove Fire District Commission.
- Reduce originally budgeted allocation of American Rescue Plan Act Funds for Park Expense by \$25,892 because Future Park Expense Funds were used instead.
- Allocate \$21,047 of Future Park Expense Funds for the purchase of a playground structure in Kennedy Hills park.
- Increase Other Board Expenses by \$556 for plantings around the Welcome Signs, and allocate the same amount of Welcome Signs Fund balance to pay for them.
- Increase Contractor Expense by \$9,520 to account for overage in paving projects.

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

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#### GENERAL FUND (CONTINUED)

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##### *GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)*

- Reduce Proceeds of short-term notes by \$350,000, and increase Long Term Debt Proceeds by \$359,520 to fund 2023 Road Maintenance Projects using available balance in the 2022 10-year Note rather than a new short-term note.
- Allocate \$13,142 of American Rescue Plan Act Funds to pay for 2 Speed Boards, and reduce Highway Dept. Capital Outlay by \$858 because the signs came in under budget.
- Increased Uphoff Bridge Expense to \$8,723 to allocate budget amendment savings to unbudgeted bridge expense.

With these adjustments, actual revenues were higher than budgeted revenues by \$183,255 and actual expenditures were under budgeted expenditures by \$538,896. The most significant variances were:

- \$23,545 of unbudgeted bridge aid for the Uphoff Bridge completed in 2022 was received.
- Licenses and Permit revenues were \$118,804 more than budgeted amounts. Most notable was building permits that exceeded the budget by \$9,976.
- Law and Ordinance Violations revenue exceeded the budget by \$15,717.
- Interest income exceeded the budget by \$122,467.
- The \$65,003 sale of a fire truck was unbudgeted.
- The combining of the Clerk and Treasurer positions resulted in a savings of \$27,307 over budgeted amounts.
- Law Enforcement expenses were under budget due to being down one Deputy for the last couple months of the year.

**TOWN OF COTTAGE GROVE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

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**CAPITAL ASSETS**

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At the end of 2023, the Town had \$10,313,123 invested in capital assets, including land, buildings, machinery and equipment, infrastructure, and right-to-use leased assets. (See Table 4 below.) This amount represents a net decrease (including additions and deductions) of \$81,430, or 0.78% percent, over last year.

**TABLE 4  
CAPITAL ASSETS**

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	2023	2022	Dollar Change
Land	\$3,742,555	\$3,742,555	\$ -
Construction Work-In-Progress	6,545	-	6,545
Buildings	2,818,007	2,818,007	-
Machinery and equipment	2,987,719	2,492,482	495,237
Infrastructure	6,205,164	6,549,905	(344,741)
Stormwater management	805,283	805,283	-
Right-to-Use Asset – Building	52,766	52,766	-
Right-to-Use Asset – Equipment	5,501	5,501	-
Total Capital Assets	16,623,540	16,466,499	157,041
Less: Accumulated Depreciation/Amortization	6,310,417	6,071,946	238,471
Net Capital Assets	\$ 10,313,123	\$ 10,394,553	\$ (81,430)

This year's additions included:

2023 Kenwood T880 Tender 1	\$461,397
SY-3096 Synergy Playstructure	\$35,155
2023 Mobile and Mounted Radios	\$44,990
Traffic Speed Boards	\$13,142
2012 Chevrolet Suburban	\$9,402
Door Creek and Koshkonong Creek Bridge Replacements	\$18,395
Vilas Road Culver Replacement Project Engineering Fees	\$6,545

# TOWN OF COTTAGE GROVE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

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#### CAPITAL ASSETS (CONTINUED)

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The Town's fiscal-year 2024 capital budget calls for it to spend \$1,006,757 for capital outlay. The purchases include a Fire Truck purchased jointly with the Village of Cottage Grove and other public safety and public works equipment.

#### INFRASTRUCTURE ASSETS

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The Town of Cottage Grove uses the Pavement Surface Evaluation and Rating (PASER) system to evaluate the surface condition of concrete and asphalt streets.

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#### GENERAL OBLIGATION DEBT

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At year-end, the Town had \$1,530,827 in notes outstanding versus \$1,150,791 last year – an increase of 33.02 percent. New debt resulted mainly from the purchase of a fire truck. Outstanding debt consists of three promissory notes, the first a long-term five-year note to be paid off in two years, the second is a ten year note to be paid off in six years, and the third is a ten year note to be paid off in nine years.

Other obligations include accrued vacation pay, sick leave, and lease liabilities. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

In accordance with the Wisconsin statutes, total general obligation debt of the Town may not exceed five percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2023 was \$31,448,820.

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#### REQUESTS FOR INFORMATION

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This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Treasurer, 4058 County Road N, Cottage Grove, WI 53527.

## **BASIC FINANCIAL STATEMENTS**

**Town of Cottage Grove**

**Statement of Net Position  
December 31, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 3,238,334
Receivables	
Taxes	853,576
Delinquent special charges	614
Accounts	101,786
Other, net	30,988
Prepaid items	13,336
Investment in EMS joint venture	406,231
Capital assets	
Land	3,742,555
Construction work-in-progress	6,545
Other capital assets, net of accumulated depreciation	6,529,727
Right-to-use leased assets, net of amortization	34,296
Net capital assets	10,313,123
Total assets	14,957,988
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
WRS pension	322,921
Total Assets and Deferred Outflows of Resources	\$ 15,280,909
 <b>LIABILITIES</b>	
Accounts payable	\$ 140,165
Accrued liabilities and deposits	20,416
Accrued interest payable	25,773
Grants advance payable	119,591
Long-term liabilities	
Due within one year	
Notes payable	207,871
Compensated absences	11,581
Lease liability	11,689
Due in more than one year	
Notes payable	1,322,956
Compensated absences	34,745
Lease liability	23,155
Net pension Liability	86,883
Total liabilities	2,004,825
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
2023 tax levy	1,561,062
WRS pension	182,718
Total deferred inflows of resources	1,743,780
 <b>NET POSITION</b>	
Net investment in capital assets	8,747,452
Restricted for:	
Road maintenance	6,000
2% fire dues	38,839
ATC impact fees	717
Trees program	36
Future parkland improvements	9,210
Unrestricted	2,730,050
Total net position	11,532,304
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,280,909

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and Contributions</u>	<u>Capital Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities					
General Government	\$ 338,902	\$ 55,456	\$ 7,642	\$ -	\$ (275,804)
Public Safety	1,239,770	414,249	21,616	-	(803,905)
Public Works	1,527,496	352,149	280,836	220,965	(673,546)
Health and Human Services	7,357	171	214	-	(6,972)
Culture, Recreation, and Education	22,990	3,070	-	-	(19,920)
Conservation and Development	3,135	4,000	573	-	1,438
Interest and Fiscal Charges	32,807	-	-	-	(32,807)
Total Governmental Activities	<u>\$ 3,172,457</u>	<u>\$ 829,095</u>	<u>\$ 310,881</u>	<u>\$ 220,965</u>	<u>(1,811,516)</u>

**General revenues:**

Taxes:	
Property taxes, levied for general purposes	1,771,506
Other taxes	3,923
Intergovernmental revenues not restricted to specific programs	149,554
Investment income	133,175
Miscellaneous	7,666
<i>Special item</i> - gain (loss) on sale of assets	(229,171)
Total general revenues and special items	<u>1,836,653</u>
Change in net position	25,137
Net position - beginning	11,507,167
Net position - ending	<u>\$ 11,532,304</u>

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**

**Balance Sheet  
Governmental Funds  
December 31, 2023**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and Investments	\$ 3,238,334	\$ 3,238,334
Receivables:		
Taxes	853,576	853,576
Delinquent Special Charges	614	614
Accounts	101,786	101,786
Other, net	30,988	30,988
Prepaid Expenses	13,336	13,336
Total Assets	<u>\$ 4,238,634</u>	<u>\$ 4,238,634</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 140,165	\$ 140,165
Other Accrued Liabilities	16,832	16,832
Deposit Liabilities	3,584	3,584
Grant Advances Payable	119,591	119,591
Total Liabilities	<u>280,172</u>	<u>280,172</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>1,940,648</u>	 <u>1,940,648</u>
 <b>FUND BALANCE</b>		
Nonspendable	13,587	13,587
Restricted	54,802	54,802
Committed	33,951	33,951
Assigned	267,912	267,912
Unassigned	1,647,562	1,647,562
Total Fund Balance	<u>2,017,814</u>	<u>2,017,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,238,634</u>	<u>\$ 4,238,634</u>

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2023**

Total fund balance, governmental funds	\$ 2,017,814
Amounts reported for governmental activities in the statement of net position are different because:	
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
	379,586
The Town's investment in the EMS joint venture is not a financial resource and, therefore, is not reported in the fund financial statements.	
	406,231
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statement, but are reported in the governmental activities of the statement of net position.	
	10,278,827
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:	
Right-to-use leased assets, net of amortization	34,296
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense (revenue) in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	322,921
Deferred inflows of resources	(182,718)
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.	
Net pension liability	(86,883)
Compensated absences	(46,326)
Accrued interest	(25,773)
Lease liability	(34,844)
Notes payable	<u>(1,530,827)</u>
Net position of governmental activities in the statement of net position	<u><u>\$ 11,532,304</u></u>

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023**

	<u>General Fund</u>	<u>Nonmajor Governmental Fund Cemetery Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 1,771,229	\$ -	\$ 1,771,229
Other Taxes	9,586	-	9,586
Intergovernmental	610,672	-	610,672
Licenses and Permits	115,104	-	115,104
Fines, Forfeitures and Penalties	50,717	-	50,717
Public Charges for Services	313,841	-	313,841
Intergovernmental Charges for Services	313,602	-	313,602
Investment Income	132,717	3	132,720
Miscellaneous Income	30,160	-	30,160
Total Revenues	<u>3,347,628</u>	<u>3</u>	<u>3,347,631</u>
<b>EXPENDITURES</b>			
Current:			
General Government	322,812	-	322,812
Public Safety	1,213,133	-	1,213,133
Public Works	1,258,380	-	1,258,380
Culture, Recreation, and Education	50,882	-	50,882
Health and Human Services	7,186	171	7,357
Conservation and Development	3,135	-	3,135
Capital Outlay	508,518	-	508,518
Debt Service:			
Principal Repayment	128,411	-	128,411
Interest Expense	23,920	-	23,920
Total Expenditures	<u>3,516,377</u>	<u>171</u>	<u>3,516,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(168,749)</u>	<u>(168)</u>	<u>(168,917)</u>
<b>OTHER FINANCING SOURCES</b>			
Property Sales	65,003	-	65,003
Proceeds from Long-Term Debt	820,917	-	820,917
Total Other Financing Sources	<u>885,920</u>	<u>-</u>	<u>885,920</u>
Net Change in Fund Balances	717,171	(168)	717,003
Fund Balances - Beginning	1,300,643	168	1,300,811
Fund Balances - Ending	<u>\$ 2,017,814</u>	<u>\$ -</u>	<u>\$ 2,017,814</u>

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended December 31, 2023**

Net change in fund balances - total governmental funds:	\$	717,003
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Garbage/recycling and street light fees		11,714
Annexation payments		52,616
Municipal courts fines		1,848
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
This is the amount by which capital outlays (\$576,070) were more than depreciation (\$364,775) in the current period.		211,295
Capital contributions from developers increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
		12,957
Right-to-use leased 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 the applicable lease term as annual amortization expenses in the statement of activities.		
This is the amount of amortization reported in the governmental fund statements in the current period.		(11,508)
The statement of activities reports the gain or loss on the sale of capital assets as an increase or decrease of net position. This is not reported in the fund financial statements. This amount represents the gain (loss) on the sale/disposal of equipment.		
		(294,174)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term liabilities on the statement of net position.		
Principal payments on long-term debt		117,091
Proceeds of debt issuance		(820,917)
Principal payments from lease liabilities		11,320
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.		
Accrued interest on debt		(8,887)
Net compensated absences		(6,666)
The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.		
		58,003
Pension expense (revenue) reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense (revenue) in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan		18,537
Actuarially determined change in net pension asset between years, with adjustments		(45,095)
Change in net position of governmental activities	\$	25,137

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**December 31, 2023**

	<u><b>Custodial Fund</b></u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,537,277
Taxes Receivable	4,280,201
Total Assets	<u>\$ 8,817,478</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 8,817,478
Total Liabilities	<u>\$ 8,817,478</u>

See accompanying notes to the basic financial statements.

**Town of Cottage Grove**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2023**

	<u><b>Custodial Fund</b></u>
<b>ADDITIONS</b>	
Property tax collections for other governments	\$ 6,540,278
Total Additions	<u>6,540,278</u>
<b>DEDUCTIONS</b>	
Payments of taxes to other governments	<u>6,540,278</u>
Total Deductions	<u>6,540,278</u>
Net increase (decrease) in fiduciary net position	-
Net position - Beginning	-
Net position - Ending	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the Town of Cottage Grove, Wisconsin conform to generally accepted accounting principles 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).

**A. Reporting Entity**

This report includes all of the funds of the Town of Cottage Grove (Town). The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

**B. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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 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 operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into individual 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, fund equity, revenues and expenditures.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements (Continued)**

Funds are organized as major funds or nonmajor funds within the governmental 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 Town or meets the following criteria:

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

The Town reports the following major governmental fund:

General Fund – accounts for the Town’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following nonmajor fund:

Special Revenue Fund – used to account for the proceeds of specific revenue sources (other than major capital projects) that is legally restricted to expenditures for specific purposes.

Cemetery Fund – used to account for specific revenue and expenditures that are restricted for Liberty Cemetery.

In addition, the Town reports the following fund type:

Fiduciary Funds – Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity.

The Town reports the following fiduciary fund:

Custodial Fund – used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Town accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured, and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**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 deferred outflows of resources, and liabilities and deferred inflows of resources 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 of resources. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

**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. “Measurable” means the amount of the transaction can be determined. “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 Town considers revenues to be available if they are collected within sixty 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 of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

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.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The Town reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the period in which the funds are first permitted to be used. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized. Resources that are received prior to incurring qualifying expenditures are reported as a liability and recognized as revenue in subsequent periods when eligibility requirements have been met.

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

**All Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**D. Assets, Liabilities, and Net Position or Equity**

**1) Cash and Cash Equivalents/Investments**

All deposits of the Town are made in board designated official depositories and are secured as required by State Statute. The Town may designate, as an official depository, any bank or savings association. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

See Footnote 2 for additional information.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**2) Taxes Receivable**

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Town's portion of taxes is recorded as a receivable in the general fund. Since Town property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2023 tax roll

Lien date and levy date	December, 2023
Tax bills mailed	December, 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale – 2023 delinquent real estate taxes	October 2025

Delinquent special charges on special assessments are not settled in full by the County.

**3) Allowance for Uncollectible Accounts**

Accounts receivable related to municipal court fines have been shown net of an allowance for uncollectible accounts of \$17,068.

**4) Inventories and Prepaid Items**

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

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.

**5) Leases as Lessor**

The Town's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

A portion of fund balance is shown as nonspendable because it is not an available resource. It represents the year-end balance of the lease receivable in excess of the deferred inflow resources for the lease receivable, which is not a spendable resource.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**6) Capital Assets**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the Town as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded 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 is as follows:

Buildings	40 years
Machinery and Equipment	4-25 years
Infrastructure	25 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.

**7) Right-to-use Leased Assets**

The Town has recorded right-to-use leased assets as a result of implementing GASB Statement No. 87. The right-to-use leased assets are initially measured as an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary changes necessary to place the lease into service. The right-to-use leased assets are amortized on a straight-line basis over the life of the related lease.

**8) Compensated Absences**

Under terms of employment, Town employees are granted vacations and sick leave 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 financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources. The total sick leave considered to be a long-term liability at December 31, 2023 is \$33,951 and the total vacation pay is \$12,375.

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, 2023 are determined on the basis of current salary rates and include salary related payments.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**9) Deferred Outflows and Inflows of Resources**

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**10) Long-Term Obligations**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes payable, lease liabilities, 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) is reported as other financing sources and payments of principal and interest are reported as expenditures.

**11) Claims and Judgments**

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

**12) 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 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 positions 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 definition of “restricted” or “net investment in capital assets.”

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**
- 12) Equity Classifications (Continued)**

**Government-Wide Statements (Continued)**

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

**Fund Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable – includes amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- b. Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- c. Committed – includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- d. Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- e. Unassigned – includes amounts that are available for any purpose; positive amounts are reported only in the general fund.

Authority to Commit – commitments will only be used for specific purposes pursuant to a formal action of the Town Board. A majority vote is required to approve a commitment and must take place within the fiscal reporting period, no later than December 31st; however, the amount can be determined subsequent to the release of the financial statements. A majority vote will be required to remove or change the specific use of a commitment.

Authority to Assign – the Town Board delegates the Town Clerk and Treasurer to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Town to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Town that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – the Town will maintain a minimum unassigned fund balance in its general fund ranging from 20% to 25% of the subsequent year’s budgeted expenditures (including other financing uses). This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. As of December 31, 2023, the general fund unassigned fund balance was 36.47% of budgeted 2024 general fund expenditures.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**13) Pensions**

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

**14) Change in Accounting Principle**

Effective January 1, 2023, the District adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The Town determines if an arrangement contains a SBITA at inception based on whether the Town has the right to control the asset during the contract period and other facts and circumstances. The adoption of GASB Statement No. 96 did not have a material impact on the Town's financial statements. No material SBITA were reported on the financial statements.

**2. Cash and Investments**

At December 31, 2023, the Town's cash and investments consist of the following:

Deposits with Financial Institutions	\$	7,775,611
Total Cash and Investments	<u>\$</u>	<u>7,775,611</u>

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	\$	3,238,334
Fiduciary Funds:		
Cash and Investments		<u>4,537,277</u>
Total Cash and Investments	<u>\$</u>	<u>7,775,611</u>

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**2. Cash and Investments (Continued)**

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by State statutes. Available investments are limited to:

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

Also, funds held in a deferred compensation plan, cemetery perpetual care funds or endowment funds, including gifts, where the principal is to be kept intact may be invested under provisions of Section 881.01 of the Wisconsin Statutes (prudent person rule).

The Town has adopted an investment policy which contains the following guidelines for allowable deposits and investments:

**Custodial Credit Risk** – all financial institutions acting as a depository for the Town must enter into a depository agreement requiring the depository to pledge collateral to secure amounts over and above the guaranteed amounts in the cases of certificates of deposits. Collateral shall be held by a third party.

**Credit Risk** – the Town will minimize credit risk by diversifying the investment portfolio so that the impact of potential losses from one individual issuer will be minimized.

**Interest Rate Risk** – the Town will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity. The Town will also invest operating funds primarily in shorter-term securities, money markets, mutual funds or similar investment pools and limiting the average maturity of the portfolio.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**2. Cash and Investments (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party.

*FDIC Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term "time and savings deposits" includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts (which were permitted after July 21, 2011). The term "demand deposits" means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside of the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

The Town maintained insured deposits with local banking institutions. As of December 31, 2023, the institutions placed funds which exceeded the FDIC insurance and State Deposit Insurance into demand deposit accounts, Money Market deposit accounts, or both, at other FDIC-insured member institutions. As of December 31, 2023, the Town had no deposit balances that were uninsured and uncollateralized.

The difference between the balance of deposits with financial institutions and the balance of cash and investments reported on the financial statements is due to outstanding checks and/or deposits in transit.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**3. Receivables and Deferred Inflows of Resources**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report deferred inflows of resources 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 deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 1,559,381	\$ 1,559,381
Managed forest land taxes	-	323	323
Annexation payments	63,391	-	63,391
Garbage/recycling fees	289,894	-	289,894
Street light fees	700	-	700
Municipal court fines	25,601	-	25,601
Dog licenses	-	1,358	1,358
Total Deferred Inflow of Resources for Governmental Funds	\$ 379,586	\$ 1,561,062	\$ 1,940,648

**4. Tax Levy Limit**

Wisconsin Act 25 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under Wisconsin Act 25 enacted in 2013, a municipality is allowed to increase its levy over the amount levied in the prior year by the percentage increase in equalized value from the net new construction or zero percent. All of the exceptions and modifications to the levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the Town adopts a new fee or a fee increase for covered services such as garbage collection, fire protection, snow plowing, street sweeping, and storm water management (which were partly or wholly funded by property tax levy), the Town must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**5. Leases**

In 2020, the Town entered into a lease arrangement where the Town leases a garage. In the statement of activities, lease revenue for the year ended December 31, 2023 was as follows:

<b>Lease-related Revenue</b>	<u>Year Ending December 31, 2023</u>
Lease Revenue	
Building	\$ (17,620)
Total Lease Revenue	(17,620)
Interest Revenue	(179)
Variable & Other Revenue	-
<b>Total</b>	<u><u>\$ (17,799)</u></u>

The term of this lease ended on December 31, 2023. See Note 13 for the commitment of a new four-year lease ending December 31, 2027.

**6. Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2023, was as follows:

	<u>Balance 1/1/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/23</u>
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 3,742,555	\$ -	\$ -	\$ 3,742,555
Construction Work-in-Progress	-	6,545	-	6,545
Total Non-Depreciable Capital Assets	<u>3,742,555</u>	<u>6,545</u>	<u>-</u>	<u>3,749,100</u>
Capital Assets Being Depreciated:				
Buildings	2,818,007	-	-	2,818,007
Machinery and Equipment	2,492,482	564,087	68,850	2,987,719
Streets	6,549,905	18,395	363,136	6,205,164
Stormwater Management	805,283	-	-	805,283
Right-to-Use Asset - Building	52,766	-	-	52,766
Right-to-Use Asset - Equipment	5,501	-	-	5,501
Total Capital Assets Being Depreciated	<u>12,723,944</u>	<u>582,482</u>	<u>431,986</u>	<u>12,874,440</u>
Total Capital Assets	<u><u>16,466,499</u></u>	<u><u>589,027</u></u>	<u><u>431,986</u></u>	<u><u>16,623,540</u></u>

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**6. Capital Assets (Continued)**

	Balance 1/1/23	Additions	Retirements	Balance 12/31/23
<b>Governmental Activities</b>				
Less: Accumulated Depreciation/Amortization:				
Buildings	1,454,619	57,402	-	1,512,021
Machinery and Equipment	1,124,360	139,613	55,080	1,208,893
Streets	3,467,619	154,875	82,732	3,539,762
Stormwater Management	12,885	12,885	-	25,770
Right-to-Use Asset - Building	10,553	10,553	-	21,106
Right-to-Use Asset - Equipment	1,910	955	-	2,865
Total Accumulated Depreciation/Amortization	<u>6,071,946</u>	<u>376,283</u>	<u>137,812</u>	<u>6,310,417</u>
Net Capital Assets Being Depreciated	<u>6,651,998</u>	<u>206,199</u>	<u>294,174</u>	<u>6,564,023</u>
Total Capital Assets				
Net of Accumulated Depreciation/Amortization	<u>\$ 10,394,553</u>	<u>\$ 212,744</u>	<u>\$ 294,174</u>	<u>\$ 10,313,123</u>

Depreciation/Amortization expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 9,118
Public Safety	112,533
Public Works, including Infrastructure	247,368
Culture, Recreation and Education	7,264
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 376,283</u>

**7. Short-Term Obligations**

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
Short-Term Note dated September 7, 2022, lump sum payment on March 15, 2023, 3.45% interest	<u>\$ 323,790</u>	<u>\$ -</u>	<u>\$ 323,790</u>	<u>\$ -</u>
	<u>\$ 323,790</u>	<u>\$ -</u>	<u>\$ 323,790</u>	<u>\$ -</u>

Interest expense on the short-term obligations was \$549 in 2023.

The purpose of the short-term note was to help finance road construction projects.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**8. Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	<u>Balance</u> <u>1/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/23</u>	<u>Amounts due</u> <u>within 1 year</u>
<b>Governmental activities:</b>					
Notes Payable					
Notes from Direct Borrowings	\$ 827,001	\$ 820,917	\$ 117,091	\$ 1,530,827	\$ 207,871
Total Notes Payable	<u>827,001</u>	<u>820,917</u>	<u>117,091</u>	<u>1,530,827</u>	<u>207,871</u>
<b>Other Liabilities</b>					
Vested Compensated Absences	39,660	6,666	-	46,326	11,581
Lease Liability	46,164	-	11,320	34,844	11,689
Total Other Liabilities	<u>85,824</u>	<u>6,666</u>	<u>11,320</u>	<u>81,170</u>	<u>23,270</u>
<b>Total Governmental Long-term Liabilities</b>	<u>\$ 912,825</u>	<u>\$ 827,583</u>	<u>\$ 128,411</u>	<u>\$ 1,611,997</u>	<u>\$ 231,141</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed five percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2023 was \$31,448,820. Total general obligation debt outstanding at year end was \$1,530,827.

**Promissory Notes**

Promissory notes are payable from future property tax levies.

Promissory notes at December 31, 2023, consist of the following:

<u>Notes from Direct Borrowings</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/2023</u>
2019 Promissory Note	5/21/2019	3/15/2029	3.294%	\$ 612,000	\$ 388,709
2020 Promissory Note	10/6/2020	3/14/2025	1.990%	\$ 156,356	63,689
2022 Promissory Note	7/6/2022	3/15/2032	2.650%	\$ 1,107,042 *	<u>1,078,429</u>
<b>Total Notes from Direct Borrowings</b>					<u>\$ 1,530,827</u>

\*Maximum principal amount is \$1,503,760. This is the total proceeds drawn upon by the Town as of December 31, 2023.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**8. Long-Term Obligations (Continued)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities	
	Notes from Direct Borrowings	
	Principal	Interest
2024	\$ 207,871	\$ 32,327
2025	203,241	36,954
2026	176,012	31,386
2027	181,086	26,312
2028	186,250	21,148
2029-2032	576,367	36,145
Total	\$ 1,530,827	\$ 184,272

**Lease Liability**

Aggregate cash flow requirements for the retirement of the lease liability and interest at December 31, 2023 were as follows:

Years	Principal	Interest	Total
2024	\$ 11,689	\$ 920	\$ 12,609
2025	12,075	484	12,559
2026	11,080	185	11,265
Total	\$ 34,844	\$ 1,589	\$ 36,433

**Other Debt Information**

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

**9. Right-to-use Leased Assets**

The Town has entered into lease agreements for a copier and police office space. The related future minimum lease obligations are discussed in the Lease Liability subsection of Note 8.

In the statement of activities, lease expense for the year ended December 31, 2023 was as follows:

**Lease Expense**

Amortization expense by class of underlying asset	
Copy Machine	\$ 997
Police Department Offices	10,553
Total amortization expense	11,550
Interest on lease liabilities	1,577
<b>Total</b>	<b>\$ 13,127</b>

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**10. Fund Balances**

Governmental fund balances as of December 31, 2023, include the following items:

<b>Nonspendable</b>	
Major Fund	
General Fund	
Prepaid items	\$ 13,336
Lease	251
Total	<u>\$ 13,587</u>
 <b>Restricted</b>	
Major Fund	
General Fund	
Highway maintenance	\$ 6,000
2% fire dues	38,839
Future parkland improvements	9,210
ATC impact fees	717
Trees program	36
Total	<u>\$ 54,802</u>
 <b>Committed</b>	
Major Fund	
General Fund	
Sick leave liability	\$ 33,951
Total	<u>\$ 33,951</u>

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**10. Fund Balances (Continued)**

<b>Assigned</b>	
Major Fund	
General Fund	
EMS building repair	\$ 43,548
Hydrite	4,076
Welcome sign	11,684
Pleasant Springs Fire expenses	<u>208,604</u>
Total	<u><u>\$ 267,912</u></u>
 <b>Unassigned</b>	
Major Fund	
General Fund	<u>\$ 1,647,562</u>
Total	<u><u>\$ 1,647,562</u></u>

**11. Joint Ventures**

The Town of Cottage Grove operates emergency building maintenance and fire protection services with the Village of Cottage Grove.

The fire department and emergency building maintenance are governed by the Joint Fire Protection Committee, which consists of three board members from each municipality. The governing bodies have authority to adopt its own budget and control the financial affairs of the departments. The municipal boards also approve the department budgets. The Town made payments totaling \$803,038 for fire protection and \$59,041 for emergency building maintenance in 2023, with reimbursements from the Village of Cottage Grove totaling \$194,441 for fire protection and \$40,670 for emergency building maintenance. The Town's portions of fire protection and emergency building maintenance payments were 35.48% and 50.00%, respectively. The Town believes that the departments will continue to provide services in the future at similar rates.

Financial information for the emergency services building and fire department as of December 31, 2023, is available at the town hall.

**Deer-Grove EMS District**

The Town of Cottage Grove and Villages of Cottage Grove and Deerfield jointly operate the local EMS district, which is called the Deer-Grove EMS District. The district adopts its own budget. The three municipalities approve the district's budget as well. Net operating costs including debt service are shared by the three communities based on the ratio of equalized values. The department is governed by the Deer-Grove EMS Commission. The commission consists of two board members from each community. Town of Cottage Grove representatives are appointed by the Town Chair, subject to approval by the Town Board. The Town made payments to the district in 2023 of \$307,264 for operations. The Town believes that the district will continue to provide services in the future at similar rates.

Financial information of this district as of December 31, 2023, is available directly from the district's office.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**11. Joint Ventures (Continued)**

The Town's equity interest in the EMS District is equal to its percentage share of participation. The equity interest is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

**12. Risk Management**

The Town 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.

**13. Commitments and Contingencies**

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

The Town 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.

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

The Town and the Village of Cottage Grove jointly operated a landfill in the Town. The landfill was capped at closure in 1984. State and federal laws and regulations require certain maintenance and monitoring functions at the landfill site. Annual post-closure monitoring costs range from \$14,000-\$42,000 in a given year. Based on the conditions of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, a postclosure costs landfill liability is not required to be reported by the Town.

In 2022, the Town approved the purchase of a new fire truck. It will be jointly-owned with the Village of Cottage Grove with a total cost of \$696,863. The Town's portion of the cost of the fire truck will be \$256,237. The Town is expected to come into possession of the truck in 2024.

In 2023, the Town entered into a contract for new culvert improvements in the amount of \$124,890. Construction will begin in 2024.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**13. Commitments and Contingencies (Continued)**

In 2023, the Town (lessee) agreed to a lease agreement for the use of building to utilize as the headquarters of the Town's contracted police services. The lease is effective from January 1, 2024 through December 31, 2027 with quarterly rental payments beginning at \$11,434 in 2024 and escalating to \$11,956 in 2027.

Additionally, in 2023, the Town (lessor) agreed to a lease agreement for the use of a Town garage building. The lease is effective from January 1, 2024 through December 31, 2027 with quarterly rental payments beginning at \$4,610 in 2024 and escalating to \$4,820 in 2027.

**14. Defined Benefit Pension Plan**

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

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

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

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

*Benefits Provided.* Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**14. Defined Benefit Pension Plan (Continued)**

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

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

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

During the reporting period, the WRS recognized \$18,537 in contributions from the employer.

Contribution rates as of December 31, 2023, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%



**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**14. Defined Benefit Pension Plan (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ 5,476
2025	25,193
2026	25,855
2027	65,560
2028	-
Total	\$ 122,084

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

**14. Defined Benefit Pension Plan (Continued)**

Asset Allocation Targets and Expected Returns<sup>1</sup>  
As of December 31, 2022

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

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

<sup>2</sup>New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

*Single Discount Rate.* A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF COTTAGE GROVE**  
**Notes to the Financial Statements**  
**December 31, 2023**

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**14. Defined Benefit Pension Plan (Continued)**

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

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 288,364	\$ 86,883	\$ (51,717)

*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>.

**15. Effect of New Accounting Standards on Current Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023 and GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023. When these become effective, application of these standards may restate portions of these financial statements.

**16. Subsequent Event**

In January 2024, the Town approved the purchase of a fire truck at a cost of \$2,152,609, with expected delivery in 2028. The cost will be split between the Town and the Village of Cottage Grove at that time.

In April 2024, the Town approved the purchase of public works vehicles totaling 233,885.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Cottage Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,778,892	\$ 1,778,892	\$ 1,780,815	\$ 1,923
Intergovernmental	548,935	583,398	610,672	27,274
License and Permits	96,300	96,300	115,104	18,804
Fines, Forfeitures and Penalties	35,000	35,000	50,717	15,717
Public Charges for Services	280,482	312,807	313,841	1,034
Intergovernmental Charges for Services	242,209	324,023	313,602	(10,421)
Investment Income	10,100	10,100	132,717	122,617
Miscellaneous Income	23,853	23,853	30,160	6,307
Total Revenues	<u>3,015,771</u>	<u>3,164,373</u>	<u>3,347,628</u>	<u>183,255</u>
<b>EXPENDITURES</b>				
Current:				
General Government	341,249	371,829	322,812	49,017
Public Safety	1,201,621	1,348,350	1,213,133	135,217
Public Works	1,271,489	1,283,310	1,258,380	24,930
Culture, Recreation, and Education	50,000	50,882	50,882	-
Health and Human Services	7,214	7,214	7,186	28
Conservation and Development	3,135	3,135	3,135	-
Capital Outlay	475,397	509,312	508,518	794
Debt Service:				
Principal Repayment	453,393	453,393	128,411	324,982
Interest Expense	27,848	27,848	23,920	3,928
Total Expenditures	<u>3,831,346</u>	<u>4,055,273</u>	<u>3,516,377</u>	<u>538,896</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(815,575)</u>	<u>(890,900)</u>	<u>(168,749)</u>	<u>722,151</u>
<b>OTHER FINANCING SOURCES</b>				
Property Sales	-	-	65,003	65,003
Proceeds from Long-Term Debt	811,397	820,917	820,917	-
Total Other Financing Sources	<u>811,397</u>	<u>820,917</u>	<u>885,920</u>	<u>65,003</u>
Net Change in Fund Balance	(4,178)	(69,983)	717,171	787,154
Fund Balance - Beginning	1,300,643	1,300,643	1,300,643	-
Fund Balance - Ending	<u>\$ 1,296,465</u>	<u>\$ 1,230,660</u>	<u>\$ 2,017,814</u>	<u>\$ 787,154</u>

See accompanying notes to the required supplementary information.

**TOWN OF COTTAGE GROVE  
WISCONSIN RETIREMENT SYSTEM SCHEDULES  
December 31, 2023**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.00164003%	\$ 86,883	\$ 285,196	30.46%	95.72%
2021	(0.00170144%)	(137,139)	279,010	(49.15%)	106.02%
2020	(0.00166348%)	(103,853)	289,436	(35.88%)	105.26%
2019	(0.00155676%)	(50,197)	281,896	(17.81%)	102.96%
2018	0.00148383%	52,790	228,741	23.08%	96.45%
2017	(0.00146328%)	(43,446)	210,172	(20.67%)	102.93%
2016*	0.00000000%	-	-	0.00%	0.00%

\*The Town enrolled into the Wisconsin Retirement System pension plan on January 1, 2017. Therefore, as of the December 31, 2016 measurement date, the Town did not have a proportionate share of the plan's net pension liability (asset).

**SCHEDULE OF TOWN'S CONTRIBUTIONS  
FOR THE YEAR ENDED**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2023	\$ 18,119	\$ 18,119	\$ -	\$ 266,462	6.80%
2022	18,537	18,537	-	285,196	6.50%
2021	18,833	18,833	-	279,010	6.75%
2020	19,537	19,537	-	289,436	6.75%
2019	18,464	18,464	-	281,896	6.55%
2018	15,326	15,326	-	228,741	6.70%
2017	14,292	14,292	-	210,172	6.80%

See accompanying notes to the required supplementary information.

**TOWN OF COTTAGE GROVE**  
**Notes to the Required Supplementary Information**  
**December 31, 2023**

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**1. Budgetary Information**

**Budgets**

The Town's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

**Excess Expenditures over Appropriations**

Budgetary expenditure control is exercised at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Town's year-end budget to actual report.

**Budgetary Basis to GAAP Basis**

The Town's budgeted Debt Service Principal Repayment expenditures include the principal portion of the Town's short-term loan paid off in 2023. Under the modified-accrual basis of accounting, which uses the current financial resources measurement focus, debt obligations with a maturity date of one year or less are to be reported as a liability on the balance sheet. The principal payment would then be considered a reduction in the liability rather than a debt service expenditure on the statement of revenues, expenditures and changes in fund balances. Therefore, the actual results reported no principal repayment expenditure for the payoff of the loan.

**2. Wisconsin Retirement System Schedules**

Governmental Accounting Standards Board Statement No. 68 is required to be implemented prospectively. However, since the Town did not enroll into the Wisconsin Retirement System until 2017, the illustrations do not present similar information for the 4 preceding years.

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

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

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

**TOWN OF COTTAGE GROVE**  
**Notes to the Required Supplementary Information**  
**December 31, 2023**

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**2. Wisconsin Retirement System Schedules (Continued)**

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

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

**TOWN OF COTTAGE GROVE**  
**Notes to the Required Supplementary Information**  
**December 31, 2023**

**2. Wisconsin Retirement System Schedules (Continued)**

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age				
Amortization Method:	Level Percent of Payroll-Closed Amortization Period				
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)				
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

**TOWN OF COTTAGE GROVE**  
**Notes to the Required Supplementary Information**  
**December 31, 2023**

**2. Wisconsin Retirement System Schedules (Continued)**

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

**SUPPLEMENTARY INFORMATION**

**Town of Cottage Grove**

**Detailed Schedule of Revenues and Other Financing Sources  
Budget and Actual - General Fund  
For the Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>TAXES</b>				
Local taxes	\$ 1,771,229	\$ 1,771,229	\$ 1,771,229	\$ -
Use value penalty tax	-	-	1,923	1,923
Other taxes	7,663	7,663	7,663	-
<b>Total Taxes</b>	<b>1,778,892</b>	<b>1,778,892</b>	<b>1,780,815</b>	<b>1,923</b>
<b>INTERGOVERNMENTAL</b>				
Federal disaster aid	-	-	1,759	1,759
State shared revenues	56,076	56,076	56,528	452
State aid- Fire insurance	18,981	18,981	19,857	876
State aid- Transportation	211,521	211,521	211,548	27
State aid- In lieu of forest lands	560	560	562	2
Other state payments	35,255	35,255	35,255	-
Video service provider aid	7,642	7,642	7,642	-
State aid- Croplands/forest	24	24	11	(13)
State aid- Recycling	7,400	7,400	7,448	48
American Rescue Plan Act funds	150,000	184,463	184,463	-
Bridge Aid	-	-	23,545	23,545
County aid- Soldiers' graves	214	214	214	-
Landfill compensation fee	61,262	61,262	61,840	578
<b>Total Intergovernmental</b>	<b>548,935</b>	<b>583,398</b>	<b>610,672</b>	<b>27,274</b>
<b>LICENSES AND PERMITS</b>				
Business and occupational licenses	3,500	3,500	4,000	500
Dog licenses	1,400	1,400	1,373	(27)
Building permits and inspections	50,000	50,000	59,976	9,976
Zoning permits and fees	3,500	3,500	4,780	1,280
Cable television franchise fees	30,000	30,000	34,725	4,725
Other permits and fees	7,900	7,900	10,250	2,350
<b>Total Licenses and Permits</b>	<b>96,300</b>	<b>96,300</b>	<b>115,104</b>	<b>18,804</b>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Law and ordinance violations	35,000	35,000	50,717	15,717
<b>Total Fines, Forfeitures and Penalties</b>	<b>35,000</b>	<b>35,000</b>	<b>50,717</b>	<b>15,717</b>

**Town of Cottage Grove**

**Detailed Schedule of Revenues and Other Financing Sources  
Budget and Actual - General Fund  
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Refuse collection/curbside	190,800	190,800	190,760	(40)
Recycling charges	87,482	87,482	87,473	(9)
Title search	1,500	1,500	1,675	175
Street lighting fees	700	700	700	-
Viney development	-	32,325	32,325	-
Other charges	-	-	908	908
Total Public Charges for Services	<u>280,482</u>	<u>312,807</u>	<u>313,841</u>	<u>1,034</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local- Fire services	190,131	271,945	260,129	(11,816)
Local- Emergency building maintenance	38,781	38,781	40,670	1,889
Local- Landfill charges	11,130	11,130	10,338	(792)
Other charges	2,167	2,167	2,465	298
Total Intergovernmental Charges for Services	<u>242,209</u>	<u>324,023</u>	<u>313,602</u>	<u>(10,421)</u>
<b>INVESTMENT INCOME</b>				
Interest income	10,000	10,000	132,467	122,467
Interest on special assessments/charges	100	100	250	150
Total Investment Income	<u>10,100</u>	<u>10,100</u>	<u>132,717</u>	<u>122,617</u>
<b>MISCELLANEOUS</b>				
Rent	20,506	20,506	21,172	666
Dividends	250	250	469	219
Reimbursements	2,527	2,527	2,831	304
Library Prairie Cemetery funds	170	170	171	1
Insurance recoveries	-	-	4,582	4,582
Other miscellaneous revenues	400	400	935	535
Total Miscellaneous	<u>23,853</u>	<u>23,853</u>	<u>30,160</u>	<u>6,307</u>
<b>OTHER FINANCING SOURCES</b>				
Property sales	-	-	65,003	65,003
Proceeds from long-term debt	811,397	820,917	820,917	-
Total Other Financing Sources	<u>811,397</u>	<u>820,917</u>	<u>885,920</u>	<u>65,003</u>
<b>Total Revenues and Other Financing Sources</b>	<u><u>\$ 3,827,168</u></u>	<u><u>\$ 3,985,290</u></u>	<u><u>\$ 4,233,548</u></u>	<u><u>\$ 248,258</u></u>

**Town of Cottage Grove**

**Detailed Schedule of Expenditures  
Budget and Actual - General Fund  
For the Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Town board	\$ 28,884	\$ 34,440	\$ 34,286	\$ 154
Planning committee	1,615	1,615	1,669	(54)
Town planner	5,700	9,574	4,836	4,738
Emergency government	1,727	1,727	1,391	336
Clerk/secretarial	107,652	107,652	120,716	(13,064)
Treasurer	40,813	40,813	442	40,371
Assessor	10,300	10,300	10,351	(51)
Judicial	21,254	21,254	17,023	4,231
Legal	50,695	71,845	63,904	7,941
Elections	5,000	5,000	4,903	97
Accounting	16,550	16,550	18,766	(2,216)
Property and liability insurance	28,009	28,009	20,703	7,306
Town hall	15,050	15,050	14,275	775
Flynn hall	8,000	8,000	9,547	(1,547)
Total General Government	<u>341,249</u>	<u>371,829</u>	<u>322,812</u>	<u>49,017</u>
<b>PUBLIC SAFETY</b>				
Law enforcement	516,825	516,825	479,276	37,549
Fire protection	274,063	386,867	315,141	71,726
Ambulance	291,041	307,264	307,264	-
Fire inspection	2,130	2,130	1,695	435
Building inspection	40,000	40,000	50,716	(10,716)
Emergency building	77,562	95,264	59,041	36,223
Total Public Safety	<u>1,201,621</u>	<u>1,348,350</u>	<u>1,213,133</u>	<u>135,217</u>
<b>PUBLIC WORKS</b>				
Highway maintenance	570,420	582,241	554,612	27,629
Highway construction	350,000	350,000	359,520	(9,520)
Non-Highway expenses	21,663	21,663	23,696	(2,033)
Garbage and refuse collection	207,217	207,217	194,248	12,969
Recycling	95,689	95,689	95,864	(175)
Landfill	26,500	26,500	23,902	2,598
Property and liability insurance	-	-	6,538	(6,538)
Total Public Works	<u>1,271,489</u>	<u>1,283,310</u>	<u>1,258,380</u>	<u>24,930</u>

**Town of Cottage Grove**

**Detailed Schedule of Expenditures  
Budget and Actual - General Fund  
For the Year Ended December 31, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>CULTURE, RECREATION, AND EDUCATION</b>				
Parks	50,000	50,882	50,882	-
Total Culture, Recreation, and Education	<u>50,000</u>	<u>50,882</u>	<u>50,882</u>	<u>-</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Outreach	7,000	7,000	7,000	-
Soldiers' graves	214	214	186	28
Total Health and Human Services	<u>7,214</u>	<u>7,214</u>	<u>7,186</u>	<u>28</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Yahara WINS pilot program	3,135	3,135	3,135	-
Total Conservaton and Development	<u>3,135</u>	<u>3,135</u>	<u>3,135</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>				
Fire protection	461,397	487,897	487,897	-
Highway equipment	14,000	13,142	13,142	-
Bridge outlay	-	8,273	7,479	794
Total Capital Outlay	<u>475,397</u>	<u>509,312</u>	<u>508,518</u>	<u>794</u>
<b>DEBT SERVICE</b>				
Principal	453,393	453,393	128,411	324,982
Interest and fiscal charges	27,848	27,848	23,920	3,928
Total Debt Service	<u>481,241</u>	<u>481,241</u>	<u>152,331</u>	<u>328,910</u>
<b>Total Expenditures</b>	<u>\$ 3,831,346</u>	<u>\$ 4,055,273</u>	<u>\$ 3,516,377</u>	<u>\$ 538,896</u>