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Town of Cottage Grove

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

For the Year Ended December 31, 2017

Town of Cottage Grove

Table of Contents

December 31, 2017

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT’S DISCUSSION AND ANALYSISi-vii

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position..... 1

Statement of Activities..... 2

Fund Financial Statements

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

Notes to the Financial Statements8-28

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual - General Fund..... 29

Wisconsin Retirement System Schedules 30

Notes to the Required Supplementary Information..... 31

SUPPLEMENTARY INFORMATION

Detailed Schedule of Revenues – Budget and Actual - General Fund.....32-33

Detailed Schedule of Expenditures – Budget and Actual - General Fund34-35



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2017, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above 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, as of December 31, 2017, 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.

Report on 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 i through vii and pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Report on 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 financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The Detailed Schedule of Revenues and Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

March 14, 2018

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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, 2017. 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.

FINANCIAL HIGHLIGHTS

- The Town's net position was \$237,598 higher as a result of this year's operations. Unrestricted net position was \$1,549,608 at December 31, 2017, an increase of \$258,924 or 20.06 percent more from last year.
- Unassigned general fund reported a surplus this year of \$200,956, increasing the fund balance to \$761,452. As of December 31, 2017 the fund was 27.67 percent of budgeted 2018 general fund expenditures.
- The Town's net cost of all governmental activities this year was \$1,423,182, an 11.21 percent increase from last year.
- Net Capital Assets were \$7,679,701 at December 31, 2017, a decrease of \$43,598 from prior year.
- The Town had \$334,077 in bonds and notes outstanding resulting mainly from road maintenance projects and the purchase of a F550 plow truck one ton.
- On January 1, 2017 the Town enrolled into the Wisconsin Retirement System pension plan. The Towns contractually required contributions were \$14,292.
- Effective March 1, 2017 the Town offered employee health insurance with the Town paying 80% of the premium for full time employees and pro-rated based on hours worked for part time employees. The Towns portion of the premium totaled \$25,912 for 2017.

OVERVIEW OF FINANCIAL STATEMENTS

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, 2017

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town using 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 liabilities – 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.

Non-Major Governmental Funds

Special Revenue Funds:

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

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

Fiduciary Funds

The Town is a trustee, or fiduciary, over assets which can only be used for the trust beneficiaries based on the trust arrangement. All of the Town's fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 7. 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.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position was higher, increasing from \$8,937,855 to \$9,175,453. In contrast, last year net position increased \$305,468. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
STATEMENT OF NET POSITION**

	2017	2016	Dollar Change
Current and Other Assets	\$3,643,850	\$3,401,519	\$242,331
Capital Assets	7,679,701	7,723,299	(43,598)
Total Assets	11,323,551	11,124,818	198,733
Deferred Outflows of Resources	14,292	0	14,292
Short-term Debt Outstanding	268,000	270,440	(2,440)
Long-term Debt Outstanding	66,077	87,348	(21,271)
Other Liabilities	274,673	271,047	3,626
Total Liabilities	608,750	628,835	(20,085)
Deferred Inflows of Resources	1,553,640	1,558,128	(4,488)
Net Investment in			
Capital Assets	7,613,624	7,635,951	(22,327)
Restricted	12,221	11,220	1,001
Unrestricted	1,549,608	1,290,684	258,924
Total Net Position	\$9,175,453	\$8,937,855	\$237,598

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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 \$1,290,684 surplus to a \$1,549,608 surplus at the end of this year.

This increase in unrestricted net position arose primarily because of the following factors. First, \$59,798 of the proceeds from the Pleasant Springs agreement was applied to a fund for future capital expenses incurred by the Fire Department. Second, there was a \$17,542 increase in the EMS joint venture. Third, \$14,000 was applied to the Emergency Services Building Property Repair Fund. Fourth, the Town contributed \$14,292 into the Wisconsin Retirement System pension plan starting January 1, 2017. Fifth, \$10,391 was committed to the Sick Leave Liability Fund. In addition the Town had favorable budget variances in multiple accounts.

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	2017	2016	Dollar Change
Revenues			
Program Revenues			
Charges for services	\$595,352	\$583,015	\$12,337
Operating grants	233,109	238,415	(5,306)
Capital grants	0	202,599	(202,599)
General Revenues			
Property taxes	1,557,765	1,510,270	47,495
Intergovernmental	55,958	56,742	(784)
Investment income	20,370	11,639	8,731
Gain (Loss) on disposal of assets	(6,252)	(36,240)	29,988
Miscellaneous	32,939	42,753	(9,814)
Total Revenues	\$2,489,241	\$2,609,193	(\$119,952)
Expenses			
General government	\$264,164	\$292,214	(\$28,050)
Public safety	789,557	748,949	40,608
Public works	1,152,634	1,239,510	(86,876)
Health and human services	7,002	6,992	10
Culture, education and recreation	27,766	6,976	20,790
Conservation Development	6,903	5,300	1,603
Interest and fiscal charges	3,617	3,784	(167)
Total Expenses	\$2,251,643	\$2,303,725	(\$52,082)
Change in Net Position	\$237,598	\$305,468	(\$67,870)
NET POSITION – Beginning of Year	\$8,937,855	\$8,632,387	\$305,468
NET POSITION – END OF YEAR	\$9,175,453	\$8,937,855	\$237,598

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

The Town's total revenue decreased by 4.6 percent (\$119,952). The total cost of all programs and services was virtually unchanged (decreasing by 2.26 percent, \$52,082). With this low growth in expenses, 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 \$2,251,643 compared to \$2,303,725 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 \$1,423,182 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	
	2017	2016	2017	2016
General Government	\$264,164	\$292,214	\$208,622	\$237,562
Public Safety	789,557	748,949	559,555	510,285
Public Works	1,152,634	1,239,510	616,505	541,740
Health and Human Services	7,002	6,992	5,931	5,910
Culture, Education and Recreation	27,766	6,976	26,241	6,976
Conservation and Development	6,903	5,300	2,711	(26,561)
Interest and Fiscal Charges	3,617	3,784	3,617	3,784
	<u>\$2,251,643</u>	<u>\$2,303,725</u>	<u>\$1,423,182</u>	<u>\$1,279,696</u>

GENERAL FUND

The Town's general fund (as presented in the balance sheet on page 3) reported a combined fund balance of \$1,140,327, which is above last year's total of \$905,214.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Allocate \$56,600 of revenue received in Public Charges for Services to the expenses acquired in the Public Works department.

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

- Allocate \$270,440 Promissory Note Proceeds to Debt Service Principal Expense due to short term note recorded on the Balance Sheet.

Even with these adjustments, actual revenues were over budgeted revenues by \$41,555 and actual expenses were under budgeted expenses by \$193,558. The most significant variances were:

- Cable television franchise fee revenue was \$23,049 more than budgeted revenue.
- Investment interest income actual revenue was \$11,719 more than budgeted revenue.
- Sale of highway equipment was \$5,550 more than budgeted revenue.
- Legal expenses were \$35,147 less than budget. An additional \$20,000 was budgeted to revise the Town ordinances with only \$7,479 actual spent.
- Fire protection actual expenses were \$64,916 less than budget. \$59,798 of remaining Pleasant Spring expenses were applied towards future capital expenses.
- Emergency building maintenance expenses were \$15,353 less than budget. \$14,000 is to be used for the property repair fund.
- Law Enforcement expenses were \$27,308 less than anticipated expenses.
- Highway equipment capital expenses were \$14,400 less than budget.
- General highway maintenance expenses were \$30,079 less than budget.

CAPITAL ASSETS

At the end of 2017, the Town had \$7,679,701 invested in capital assets, including land, buildings, machinery and equipment, and infrastructure. (See Table 4 below.) This amount represents a net decrease (including additions and deductions) of \$43,598, or 0.57 percent, under last year.

**TABLE 4
CAPITAL ASSETS**

	2017	2016	Dollar Change
Land	\$3,700,102	\$3,700,102	\$0
Buildings	2,663,806	2,663,806	0
Machinery and equipment	1,968,663	1,940,657	28,006
Infrastructure	4,397,669	4,235,520	162,149
Total Capital Assets	\$12,730,240	\$12,540,085	\$190,155
Less: Accumulated Depreciation	\$5,050,539	\$4,816,786	\$233,753
Net Capital Assets	<u>\$7,679,701</u>	<u>\$7,723,299</u>	<u>(\$43,598)</u>

TOWN OF COTTAGE GROVE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

This year's additions included:

2012 F550 Plow Truck One Ton	\$ 36,500
ElMargo Park Playground Equipment	\$ 16,752
MSA Evolution 6000 Plus Station Kit	\$ 6,016
Road and Intersection Improvements	\$ 118,711
Bass Road Addition in Viney Subdivision	\$ 43,439

The Town's fiscal-year 2018 capital budget calls for it to spend another \$108,000 for Highway Capital Outlay, principally for a wheel loader and tractor. The Town has plans to issue additional debt to finance these projects.

INFRASTRUCTURE ASSETS

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

GENERAL OBLIGATION DEBT

At year-end, the Town had \$334,077 in bonds and notes outstanding versus \$357,788 last year – a decrease of 6.63 percent. New debt resulted mainly from road maintenance projects and the 2012 F550 plow truck one ton. Outstanding debt consists of two promissory notes, one is to be paid off in one year and the second is to be paid off in three years.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 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, 2017 was \$21,390,310.

REQUESTS FOR INFORMATION

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, 2017**

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,584,256
Receivables	
Taxes	1,787,633
Delinquent special charges	1,101
Accounts	20,401
Prepaid items	9,198
Investment in EMS joint venture	241,261
Capital assets	
Land	3,700,102
Other capital assets, net of accumulated depreciation	3,979,599
Net capital assets	<u>7,679,701</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	<u>14,292</u>
 Total Assets	 <u><u>\$ 11,337,843</u></u>
 LIABILITIES	
Accounts payable	\$ 184,058
Accrued liabilities and deposits	17,205
Accrued interest payable	2,432
Short-term notes payable	268,000
Long-term liabilities	
Due within one year	
Bonds and notes payable	21,644
Compensated absences	58,752
Due in more than one year	
Bonds and notes payable	44,433
Compensated absences	12,226
Total liabilities	<u>608,750</u>
 DEFERRED INFLOWS OF RESOURCES	
2017 Tax Levy	<u>1,553,640</u>
Total deferred inflows of resources	<u>1,553,640</u>
 NET POSITION	
Net investment in capital assets	7,613,624
Restricted	12,221
Unrestricted	1,549,608
Total net position	<u>9,175,453</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u><u>\$ 11,337,843</u></u>

See accompanying notes to the basic financial statements.

Town of Cottage Grove

**Statement of Activities
For the Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government				
Governmental Activities				
General Government	\$ 264,164	\$ 55,542	\$ -	\$ (208,622)
Public Safety	789,557	214,296	15,706	(559,555)
Public Works	1,152,634	319,156	216,973	(616,505)
Health and Human Services	7,002	869	202	(5,931)
Culture, Education and Recreation	27,766	1,525	-	(26,241)
Conservation and Development	6,903	3,964	228	(2,711)
Interest and Fiscal Charges	3,617	-	-	(3,617)
Total primary government	<u>\$ 2,251,643</u>	<u>\$ 595,352</u>	<u>\$ 233,109</u>	<u>(1,423,182)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				1,557,765
Intergovernmental revenues not restricted to specific programs				55,958
Investment income				20,370
Miscellaneous				32,939
<i>Special item</i> - gain (loss) on sale of assets				(6,252)
Total general revenues				<u>1,660,780</u>
Change in net position				237,598
Net position - beginning				<u>8,937,855</u>
Net position - ending				<u>\$ 9,175,453</u>

See accompanying notes to the basic financial statements.

Town of Cottage Grove

**Balance Sheet
Governmental Funds
December 31, 2017**

		<u>Nonmajor Governmental Fund</u>	
	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 1,580,399	\$ 3,856	\$ 1,584,255
Receivables:			
Taxes	1,787,633	-	1,787,633
Delinquent Special Charges	1,101	-	1,101
Accounts	20,402	-	20,402
Prepaid Expenses	9,198	-	9,198
Total Assets	<u>\$ 3,398,733</u>	<u>\$ 3,856</u>	<u>\$ 3,402,589</u>
LIABILITIES			
Accounts Payable	\$ 184,058	\$ -	\$ 184,058
Other Accrued Liabilities	18,715	-	18,715
Short-Term Notes Payable	268,000	-	268,000
Total Liabilities	<u>470,773</u>	<u>-</u>	<u>470,773</u>
DEFERRED INFLOWS OF RESOURCES			
2017 Tax Revenue and Special Charges	<u>1,787,633</u>	<u>-</u>	<u>1,787,633</u>
FUND BALANCES			
Nonspendable	10,299	-	10,299
Restricted	8,365	3,856	12,221
Committed	59,830	-	59,830
Assigned	300,381	-	300,381
Unassigned	761,452	-	761,452
Total Fund Balances	<u>1,140,327</u>	<u>3,856</u>	<u>1,144,183</u>
Total Liabilities and Fund Balances	<u>\$ 3,398,733</u>	<u>\$ 3,856</u>	<u>\$ 3,402,589</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, 2017**

Total fund balance, governmental funds	\$	1,144,183
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Some receivables that are not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide statements.</p>		233,993
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.</p>		7,679,701
<p>The Town's investment in the EMS joint venture is not a financial resource and, therefore, is not reported in the funds.</p>		241,261
<p>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 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.</p>		
Deferred outflows of resources		14,292
<p>Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.</p>		
Compensated absences		(70,978)
Accrued interest		(922)
Bonds and notes payable		(66,077)
		(137,977)
Net position of governmental activities in the statement of net position	\$	9,175,453

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, 2017

	<u>General Fund</u>	<u>Nonmajor Governmental Fund Cemetery Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 1,557,765	\$ -	\$ 1,557,765
Intergovernmental	289,300	-	289,300
Licenses and Permits	86,492	-	86,492
Fines, Forfeitures and Penalties	29,347	-	29,347
Public Charges for Services	283,833	-	283,833
Intergovernmental Charges for Services	164,464	-	164,464
Investment Income	19,969	69	20,038
Miscellaneous Income	42,518	-	42,518
Total Revenues	<u>2,473,688</u>	<u>69</u>	<u>2,473,757</u>
EXPENDITURES			
Current:			
General Government	259,859	-	259,859
Public Safety	681,956	-	681,956
Public Works	1,153,201	-	1,153,201
Culture, Recreation, and Education	24,398	-	24,398
Health and Human Services	6,202	800	7,002
Conservation and Development	6,903	-	6,903
Capital Outlay	97,425	-	97,425
Debt Service			
Principal Repayment	21,271	-	21,271
Interest and Fiscal Charges	3,910	-	3,910
Total Expenditures	<u>2,255,125</u>	<u>800</u>	<u>2,255,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>218,563</u>	<u>(731)</u>	<u>217,832</u>
OTHER FINANCING SOURCES (USES)			
Property Sales	16,550	-	16,550
Total Other Financing Sources and Uses	<u>16,550</u>	<u>-</u>	<u>16,550</u>
Net Change in Fund Balances	235,113	(731)	234,382
Fund Balances - Beginning	905,214	4,587	909,801
Fund Balances - Ending	<u>\$ 1,140,327</u>	<u>\$ 3,856</u>	<u>\$ 1,144,183</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, 2017**

Net change in fund balances - total governmental funds:	\$	234,382
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Garbage/recycling and street light fees		5,187
<p>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.</p>		
<p>This is the amount by which capital outlays (\$221,417) were less than depreciation (\$258,763) in the current period.</p>		
		(37,346)
<p>The statement of activities reports the gain or loss on the sale of capital assets as an increase or decrease of net assets. This is not reported in the fund financial statements. This amount represents the gain (loss) on the sale/disposal of equipment.</p>		
		(6,252)
<p>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.</p>		
Principal payments on long-term debt		21,271
<p>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.</p>		
Accrued interest on debt		293
Compensated absences		(11,769)
<p>The proportionate share of the change in net assets 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.</p>		
		17,542
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Since these contributions were contributed after the measurement date of the pension plan of December 31, 2016, they are considered deferred outflows of resources and not reported on the statement of activities.</p>		
		14,292
Rounding		(2)
Change in net assets of governmental activities	\$	<u>237,598</u>

See accompanying notes to the basic financial statements.

Town of Cottage Grove

**Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2017**

	<u>Tax Agency</u>
ASSETS	
Cash and Investments	\$ 4,972,558
Taxes Receivable	2,517,621
Total Assets	<u>\$ 7,490,179</u>
LIABILITIES	
Due to Other Governments	\$ 7,490,179
Total Liabilities	<u>\$ 7,490,179</u>

See accompanying notes to the basic financial statements.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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. 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

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, liabilities, fund equity, revenues and expenditures.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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

Funds are organized as major funds or non-major 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 non-major fund:

Special Revenue Funds – 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 – 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 reports its Tax Agency activity in the Fiduciary Funds.

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

Measurement focus refers to what is being measured, 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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. 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 Financial Statements
December 31, 2017

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 incurrence of qualifying expenditures. 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.

Proprietary and 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.

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 in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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

Property tax calendar – 2017 tax roll

Lien date and levy date	December, 2017
Tax Bills mailed	December, 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October, 2020

Delinquent special charges on special assessments are not settled in full by the County. No provision for uncollectible accounts receivable has been made for the Town.

3) 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.

4) 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 government 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 fair 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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

5) 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, 2017 is \$59,830 and the total vacation pay is \$11,148.

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, 2017 are determined on the basis of current salary rates and include salary related payments.

6) Deferred Outflows and Inflows of Resources

Deferred outflow of resources represent 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.

7) 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, capital leases, 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.

8) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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

9) 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.”

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:

- Non-Spendable – includes amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- 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.
- 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.
- 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.
- 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

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

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, 2017, the general fund unassigned fund balance was 27.67% of budgeted 2018 general fund expenditures.

10) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS), and additions to/deductions from WRS’s fiduciary net position have been determined on the same basis as they are reported for 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.

11) Accounting Guidance Implementation

Effective January 1, 2017, the Town adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The WRS adopted GASB Statement No. 82, Pension Issues, an amendment to GASB Statement No. 67, No. 68, and No. 73. GASB Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

2. Cash and Investments

At December 31, 2017, the Town's cash and investments consist of the following:

Deposits with Financial Institutions	\$ 6,556,814
Total Cash and Investments	<u>\$ 6,556,814</u>

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 1,584,256
Fiduciary Funds:	
Cash and Investments	<u>4,972,558</u>
Total Cash and Investments	<u>\$ 6,556,814</u>

Investments Authorized by Wisconsin Statutes

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

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Town plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- (9) Repurchase agreements with public depositories, with certain conditions;
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority;
- (11) Bonds issued by a local professional baseball park district;

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

2. Cash and Investments (Continued)

Investments Authorized by Wisconsin Statutes (Continued)

- (12) Bonds issued by a local football stadium district;
- (13) Bonds issued by a local arts district;
- (14) 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. That policy 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.

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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

2. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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 and collateralized deposits with local banking institutions. As of December 31, 2017, if necessary, the institutions place funds, which exceed the FDIC insurance and State Deposit Insurance, into demand deposit accounts, Money Market deposit accounts, or both, at other FDIC-insured member institutions. Also, the institutions have purchased guarantee bonds to provide coverage for balances which exceed the FDIC insurance and the State Deposit Guarantee Fund coverage.

The Town's deposits were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$ 4,779,089
Uninsured/Uncollateralized	968,751
Total Deposits with Financial Institutions	<u>\$ 5,747,840</u>

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

3. 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	\$ -	\$ 1,553,275	\$ 1,553,275
Managed forest land taxes	-	365	365
Garbage/recycling fees	233,411	-	233,411
Street light fees	582	-	582
Total Deferred/Unearned Revenue for Governmental Funds	\$ 233,993	\$ 1,553,640	\$ 1,787,633

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 Financial Statements
December 31, 2017

5. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 3,700,102	\$ -	\$ -	\$ 3,700,102
Total Non-Depreciable Capital Assets	<u>3,700,102</u>	<u>-</u>	<u>-</u>	<u>3,700,102</u>
Capital Assets Being Depreciated:				
Buildings	2,663,806	-	-	2,663,806
Machinery and Equipment	1,940,657	59,268	31,262	1,968,663
Streets	4,235,520	162,149	-	4,397,669
Total Capital Assets Being Depreciated	<u>8,839,983</u>	<u>221,417</u>	<u>31,262</u>	<u>9,030,138</u>
Total Capital Assets	<u>12,540,085</u>	<u>221,417</u>	<u>31,262</u>	<u>12,730,240</u>
Less: Accumulated Depreciation for				
Buildings	1,125,335	53,040	-	1,178,375
Machinery and Equipment	1,018,348	78,001	25,010	1,071,339
Streets	2,673,103	127,722	-	2,800,825
Total Accumulated Depreciation	<u>4,816,786</u>	<u>258,763</u>	<u>25,010</u>	<u>5,050,539</u>
Net Capital Assets Being Depreciated	<u>4,023,197</u>	<u>(37,346)</u>	<u>6,252</u>	<u>3,979,599</u>
Total Capital Assets				
Net of Accumulated Depreciation	<u>\$ 7,723,299</u>	<u>\$ (37,346)</u>	<u>\$ 6,252</u>	<u>\$ 7,679,701</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 9,030
Public Safety	68,317
Public Works, including infrastructure	178,048
Culture, Recreation and Education	3,368
Total Governmental Activities Depreciation Expense	<u>\$ 258,763</u>

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

6. Short-Term Obligations

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Short-Term Note dated September 1, 2016, lump sum payment on March 15, 2017, 1.61% interest	\$ 270,440	\$ -	\$ 270,440	\$ -
Short-Term Note dated September 1, 2017, lump sum payment on March 15, 2018, 1.70% interest	-	268,000	-	268,000
	<u>\$ 270,440</u>	<u>\$ 268,000</u>	<u>\$ 270,440</u>	<u>\$ 268,000</u>

Interest expense on the short-term obligation was \$1,510 in 2017.

The purposes of the short-term note is to help finance road construction projects.

7. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts due within 1 year
Governmental activities:					
Bonds and Notes Payable					
Promissory notes	\$ 87,348	\$ -	\$ 21,271	\$ 66,077	\$ 21,644
Total Bonds and Notes Payable	<u>87,348</u>	<u>-</u>	<u>21,271</u>	<u>66,077</u>	<u>21,644</u>
Other Liabilities					
Vested compensated absences	59,209	11,860	91	70,978	58,752
Total Other Liabilities	<u>59,209</u>	<u>11,860</u>	<u>91</u>	<u>70,978</u>	<u>58,752</u>
Total Governmental Long-term Liabilities	<u>\$ 146,557</u>	<u>\$ 11,860</u>	<u>\$ 21,362</u>	<u>\$ 137,055</u>	<u>\$ 80,396</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, 2017 was \$21,390,310. Total general obligation debt outstanding at year end was \$66,077.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

7. Long-Term Obligations (Continued)

Promissory Notes

Promissory notes are payable from future property tax levies.

Promissory notes at December 31, 2017 consist of the following:

Promissory Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2017
2015 Promissory Note	9/15/2015	3/15/2020	1.75%	109,195	\$ 66,077
Total Promissory Notes					<u>\$ 66,077</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Promissory Notes	
	Principal	Interest
2018	\$ 21,644	\$ 1,156
2019	22,022	778
2020	22,411	393
Total	<u>\$ 66,077</u>	<u>\$ 2,327</u>

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.

8. Operating Lease

Operating Lease as Lessee

In January 2015, the Town of Cottage Grove entered into a three-year operating lease agreement for the use of a facility and additional storage building in order to provide a headquarters for the Dane County Sheriff's Deputies under contract. The Town made payments of \$10,302 in 2017. The Town renewed this lease for another three-year term effective January 2018. Future lease payments under the lease agreement are as follows:

2018	\$ 10,457
2019	10,614
2020	10,773
Total	<u>\$ 31,844</u>

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

8. Operating Lease (Continued)

Operating Lease as Lessor

In July 2015, the Town of Cottage Grove entered into a new three-year operating lease agreement as Lessor leasing the Town Garage to a third party. The rent revenue for 2017 was \$18,984. The Town renewed this lease for another three-year term effective July 2018. Future rent revenue under the lease agreement are as follows:

2018	\$	19,269
2019		19,558
2020		19,851
2021		10,000
Total	<u>\$</u>	<u>68,678</u>

9. Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

Net Investment in Capital Assets		
Land		\$ 3,700,102
Other Capital Assets, net of accumulated depreciation		3,979,599
Less: Long-term debt outstanding		<u>(66,077)</u>
Total Net Investment in Capital Assets		<u>7,613,624</u>
Restricted		
Cemetery trust funds		3,856
Restricted for road maintenance		6,000
ATC impact fees		865
Trees program		<u>1,500</u>
Total Restricted		<u>12,221</u>
Unrestricted		<u>1,549,608</u>
Total Governmental Activities Net Position		<u><u>\$ 9,175,453</u></u>

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

9. Net Position/Fund Balances (Continued)

Governmental fund balances as of December 31, 2017 include the following items:

Nonspendable	
Major Fund	
General Fund	
Noncurrent receivables	\$ 1,101
Prepaid items	<u>9,198</u>
Total	<u><u>\$ 10,299</u></u>
 Restricted	
Major Fund	
General Fund	
Highway maintenance	\$ 6,000
ATC impact fees	865
Trees program	<u>1,500</u>
Total General Fund	<u>8,365</u>
Non-Major Fund	
Special Revenue Fund	
Cemetery Trust Fund	<u>3,856</u>
Total Special Revenue Fund	<u>3,856</u>
Total	<u><u>\$ 12,221</u></u>
 Committed	
Major Fund	
General Fund	
Sick leave liability	<u>\$ 59,830</u>
Total	<u><u>\$ 59,830</u></u>
 Assigned	
Major Fund	
General Fund	
EMS Building Repair	\$ 56,000
Hydrite	4,076
Welcome sign	13,589
Pleasant Springs Fire expenses	215,882
Future park equipment	<u>10,834</u>
Total	<u><u>\$ 300,381</u></u>
 Unassigned	
Major Fund	
General Fund	
	<u>\$ 761,452</u>
Total	<u><u>\$ 761,452</u></u>

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

10. Joint Ventures

The Town of Cottage Grove operates the following services: emergency building maintenance, fire protection, and emergency government 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 \$100,397 for fire protection and \$45,254 for emergency building maintenance and emergency government in 2017. The Town's portions of fire protection and emergency building maintenance and emergency government payments were 38.02% and 50.00%, respectively. The Town believes that the districts 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, 2017 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 one board member from each community as well as a medical director. 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 2017 of \$140,566 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, 2017 is available directly from the district's office.

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.

11. 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

12. 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 of 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.

13. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

13. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

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. 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.

TOWN OF COTTAGE GROVE
Notes to Financial Statements
December 31, 2017

13. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the Town did not report a liability (asset) for its proportionate share of the net pension liability (asset). The net pension liability (asset) of the pension plan was measured as of December 31, 2016 (measurement date), and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 (valuation date) rolled forward to December 31, 2016. Therefore, since the Town initially enrolled in the pension plan effective January 1, 2017, the Town does not have a proportionate share of the net pension liability (asset) reported as of December 31, 2017.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	14,292	-
Total	\$ 14,292	\$ -

\$14,292 reported as deferred outflows of resources related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018.

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,557,764	\$ 1,557,764	\$ 1,557,765	\$ 1
Intergovernmental	287,291	287,291	289,300	2,009
License and Permits	60,275	60,275	86,492	26,217
Fines, Forfeitures and Penalties	40,000	40,000	29,347	(10,653)
Public Charges for Services	231,585	285,185	283,833	(1,352)
Intergovernmental Charges for Services	170,785	170,785	164,464	(6,321)
Investment Income	8,250	8,250	19,969	11,719
Miscellaneous Income	25,633	25,633	42,518	16,885
Total Revenues	<u>2,381,583</u>	<u>2,435,183</u>	<u>2,473,688</u>	<u>38,505</u>
EXPENDITURES				
Current:				
General Government	330,111	330,111	259,859	70,252
Public Safety	771,660	771,660	681,956	89,704
Public Works	1,133,439	1,187,039	1,153,201	33,838
Culture, Recreation, and Education	9,000	9,000	24,398	(15,398)
Health and Human Services	6,192	6,192	6,202	(10)
Conservation and Development	7,718	7,718	6,903	815
Capital Outlay	111,825	111,825	97,425	14,400
Debt Service				
Principal Repayment	21,275	21,275	21,271	4
Interest Expense	3,863	3,863	3,910	(47)
Total Expenditures	<u>2,395,083</u>	<u>2,448,683</u>	<u>2,255,125</u>	<u>193,558</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,500)</u>	<u>(13,500)</u>	<u>218,563</u>	<u>232,063</u>
OTHER FINANCING SOURCES				
Property sales	13,500	13,500	16,550	3,050
Total Other Financing Sources	<u>13,500</u>	<u>13,500</u>	<u>16,550</u>	<u>3,050</u>
Net Change in Fund Balances	-	-	235,113	235,113
Fund Balances - Beginning, Restated	<u>905,214</u>	<u>905,214</u>	<u>905,214</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 905,214</u>	<u>\$ 905,214</u>	<u>\$ 1,140,327</u>	<u>\$ 235,113</u>

See independent auditor's report and accompanying notes to required supplementary information.

**TOWN OF COTTAGE GROVE
WISCONSIN RETIREMENT SYSTEM
December 31, 2017**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Fiscal Years**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the 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)
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
Last 10 Fiscal Years**

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
2017	\$ 14,292	\$ 14,292	\$ -	\$ 210,172	6.80%

TOWN OF COTTAGE GROVE
Notes to the Required Supplementary Information
December 31, 2017

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.

2. Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years.

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

Changes of assumptions. Rates used in mortality tables were updated on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scales (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

SUPPLEMENTARY INFORMATION

Town of Cottage Grove

**Detailed Schedule of Revenues
Budget and Actual - General Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Local taxes	\$ 1,557,764	\$ 1,557,764	\$ 1,557,765	\$ 1
Total Taxes	<u>1,557,764</u>	<u>1,557,764</u>	<u>1,557,765</u>	<u>1</u>
INTERGOVERNMENTAL				
State shared revenues	55,699	55,699	55,745	46
State aid- Fire insurance	14,500	14,500	15,706	1,206
State aid- Transportation	155,946	155,946	155,608	(338)
State aid- In lieu of forest lands	220	220	228	8
Other state payments	232	232	232	-
State aid- Croplands/forest	110	110	214	104
State aid- Recycling	7,050	7,050	7,427	377
County aid- Highway and bridges	3,000	3,000	3,311	311
County aid- Soldiers' graves	192	192	202	10
Landfill Compensation Fee	50,342	50,342	50,627	285
Total Intergovernmental	<u>287,291</u>	<u>287,291</u>	<u>289,300</u>	<u>2,009</u>
LICENSES AND PERMITS				
Business and occupational licenses	3,875	3,875	3,825	(50)
Dog licenses	1,500	1,500	1,534	34
Building permits and inspections	35,000	35,000	36,855	1,855
Zoning permits and fees	3,500	3,500	3,625	125
Cable television franchise fees	15,000	15,000	38,049	23,049
Other permits and fees	1,400	1,400	2,604	1,204
Total Licenses and Permits	<u>60,275</u>	<u>60,275</u>	<u>86,492</u>	<u>26,217</u>
FINES, FORFEITURES AND PENALTIES				
Law and ordinance violations	40,000	40,000	29,347	(10,653)
Total Fines, Forfeitures and Penalties	<u>40,000</u>	<u>40,000</u>	<u>29,347</u>	<u>(10,653)</u>
PUBLIC CHARGES FOR SERVICES				
Refuse collection/curbside	151,539	151,539	151,435	(104)
Recycling charges	77,961	77,961	76,152	(1,809)
Title search	1,500	1,500	1,975	475
Highway maintenance	-	48,900	48,857	(43)
Street lighting fees	585	585	582	(3)
Parks	-	-	25	25
Viney development	-	4,700	4,668	(32)
Other charges	-	-	139	139
Total Public Charges for Services	<u>231,585</u>	<u>285,185</u>	<u>283,833</u>	<u>(1,352)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local- Fire services	124,675	124,675	122,649	(2,026)

Town of Cottage Grove

**Detailed Schedule of Revenues
Budget and Actual - General Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Local- Emergency building maintenance	29,705	29,705	25,445	(4,260)
Local- Landfill charges	11,300	11,300	12,571	1,271
Other charges	5,105	5,105	3,799	(1,306)
Total Intergovernmental Charges for Services	170,785	170,785	164,464	(6,321)
INVESTMENT INCOME				
Interest income	8,000	8,000	19,466	11,466
Interest on special assessments/charges	250	250	503	253
Total Investment Income	8,250	8,250	19,969	11,719
MISCELLANEOUS				
Rent	22,183	22,183	22,939	756
Dividends	250	250	401	151
Library Prairie Cemetery funds	800	800	800	-
Insurance recoveries	2,000	2,000	14,181	12,181
Other miscellaneous revenues	400	400	4,197	3,797
Total Miscellaneous	25,633	25,633	42,518	16,885
OTHER FINANCING SOURCES				
Property sales	13,500	13,500	16,550	3,050
Total Other Financing Sources	13,500	13,500	16,550	3,050
Total Revenues and Other Financing Sources	\$ 2,395,083	\$ 2,448,683	\$ 2,490,238	\$ 41,555

Town of Cottage Grove

**Detailed Schedule of Expenditures
Budget and Actual - General Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Town board	\$ 30,588	\$ 30,588	\$ 23,867	\$ 6,721
Planning committee	2,153	2,153	1,282	871
Town planner	5,600	5,600	6,816	(1,216)
Emergency government	1,823	1,823	1,333	490
Clerk/secretarial	45,413	45,413	43,155	2,258
Treasurer	30,575	30,575	32,211	(1,636)
Assessor	8,650	8,650	9,531	(881)
Ordinance commission	215	215	-	215
Judicial	21,525	21,525	19,593	1,932
Legal	56,560	56,560	21,413	35,147
Elections	1,500	1,500	2,506	(1,006)
Accounting	12,100	12,100	12,807	(707)
Property and liability insurance	30,000	30,000	26,527	3,473
Town hall	14,000	14,000	9,420	4,580
Flynn hall	10,000	10,000	5,342	4,658
Emergency building	59,409	59,409	44,056	15,353
Total General Government	<u>330,111</u>	<u>330,111</u>	<u>259,859</u>	<u>70,252</u>
PUBLIC SAFETY				
Law enforcement	431,222	431,222	403,914	27,308
Fire protection	168,015	168,015	103,099	64,916
Ambulance	140,566	140,566	140,566	-
Fire inspection	1,857	1,857	2,086	(229)
Building inspection	30,000	30,000	32,291	(2,291)
Total Public Safety	<u>771,660</u>	<u>771,660</u>	<u>681,956</u>	<u>89,704</u>
PUBLIC WORKS				
Highway maintenance	400,721	450,421	420,342	30,079
Highway construction	455,583	455,583	449,761	5,822
Non-Highway expenses	22,385	26,285	25,188	1,097
Garbage and refuse collection	151,539	151,539	151,345	194
Recycling	77,961	77,961	76,452	1,509
Landfill	25,250	25,250	30,113	(4,863)
Total Public Works	<u>1,133,439</u>	<u>1,187,039</u>	<u>1,153,201</u>	<u>33,838</u>

Town of Cottage Grove

**Detailed Schedule of Expenditures
Budget and Actual - General Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
CULTURE, RECREATION, AND EDUCATION				
Parks	9,000	9,000	24,398	(15,398)
Total Culture, Recreation, and Education	<u>9,000</u>	<u>9,000</u>	<u>24,398</u>	<u>(15,398)</u>
HEALTH AND HUMAN SERVICES				
Outreach	6,000	6,000	6,000	-
Soldiers graves	192	192	202	(10)
Total Health and Human Services	<u>6,192</u>	<u>6,192</u>	<u>6,202</u>	<u>(10)</u>
CONSERVATION AND DEVELOPMENT				
Yahara WINS pilot program	5,318	5,318	5,320	(2)
Economic development	2,400	2,400	1,583	817
Total Conservaton and Development	<u>7,718</u>	<u>7,718</u>	<u>6,903</u>	<u>815</u>
CAPITAL OUTLAY				
Highway equipment	55,000	55,000	40,600	14,400
EMS	56,825	56,825	56,825	-
Total Capital Outlay	<u>111,825</u>	<u>111,825</u>	<u>97,425</u>	<u>14,400</u>
DEBT SERVICE				
Principal	21,275	21,275	21,271	4
Interest and fiscal charges	3,863	3,863	3,910	(47)
Total Debt Service	<u>25,138</u>	<u>25,138</u>	<u>25,181</u>	<u>(43)</u>
Total Expenditures	<u>\$ 2,395,083</u>	<u>\$ 2,448,683</u>	<u>\$ 2,255,125</u>	<u>\$ 193,558</u>