

TOWN OF CEDARBURG, WISCONSIN
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022

TOWN OF CEDARBURG, WISCONSIN
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TOWN OF CEDARBURG, WISCONSIN

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OTHER REPORT

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MEMBERS OF THE TOWN BOARD

Chairman	David Salvaggio
Supervisor	Wayne Pipkorn
Supervisor	Russ Lauer
Supervisor	Larry Lechner
Supervisor	Thomas Esser
Administrator	Eric Ryer
Clerk & Assistant Administrator	Jack Johnston
Treasurer	Christy Mertes



INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Cedarburg, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Town of Cedarburg, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Cedarburg's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Cedarburg, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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


opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 on our consideration of the Town of Cedarburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cedarburg's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
May 15, 2023

TOWN OF CEDARBURG, WISCONSIN

**BASIC
FINANCIAL STATEMENTS**

TOWN OF CEDARBURG, WISCONSIN

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF CEDARBURG, WISCONSIN

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 7,654,723
Receivables	
Taxes	1,424,306
Accounts and other	19,279
Inventories	24,300
Prepays	33,314
Restricted assets	
Cash and investments	340,854
Wisconsin Retirement System net pension	295,185
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	2,073,157
Capital assets being depreciated	12,374,979
TOTAL ASSETS	<u>24,240,097</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	<u>574,956</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	<u><u>24,815,053</u></u>
 LIABILITIES	
Accounts payable	165,701
Accrued liabilities	
Payroll	2,444
Interest	120,428
Deposit payable	329,900
Current portion of long-term obligations	590,293
Noncurrent portion of long-term obligations	6,679,544
TOTAL LIABILITIES	<u>7,888,310</u>
 DEFERRED INFLOWS OF RESOURCES	
Taxes levied for subsequent year	2,687,900
Wisconsin Retirement System pension	696,647
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,384,547</u>
 NET POSITION	
Net investment in capital assets	12,096,952
Restricted for	
Special revenue	555,255
Other activities	295,185
Unrestricted	594,804
TOTAL NET POSITION	<u>13,542,196</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
	<u><u>\$ 24,815,053</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General government	\$ 634,307	\$ 233,181	\$ -	\$ (401,126)
Public safety	480,982	-	38,281	(442,701)
Public works	2,817,296	142,288	228,255	(2,446,753)
Culture, recreation and education	(52,714)	114,496	-	167,210
Conservation and development	3,460	-	-	(3,460)
Interest and fiscal charges	190,800	-	-	(190,800)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,074,131	\$ 489,965	\$ 266,536	(3,317,630)
General revenues				
Taxes				
Property taxes				2,179,774
Other taxes				7,142
Intergovernmental revenues not restricted to specific progr				537,448
Interest and investment income				79,894
Miscellaneous				(256,071)
Premium on long-term debt				99,952
Total general revenues				<u>2,648,139</u>
CHANGE IN NET POSITION				(669,491)
NET POSITION - BEGINNING OF YEAR				<u>14,211,687</u>
NET POSITION - END OF YEAR				\$ <u>13,542,196</u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN

**FUND
FINANCIAL STATEMENTS**

TOWN OF CEDARBURG, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	GENERAL FUND	SPECIAL REVENUE	SPECIAL REVENUE - AMERICAN RESCUE	SPECIAL REVENUE - RECREATION	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	\$ 2,624,604	\$ 909,519	\$ 423,504	\$ 214,785	\$ 3,354,822	\$ 127,489	\$ 7,654,723
Receivables							
Taxes	1,058,283	-	-	-	-	366,023	1,424,306
Accounts and other	19,279	-	-	-	-	-	19,279
Inventories	24,300	-	-	-	-	-	24,300
Prepays	33,314	-	-	-	-	-	33,314
Restricted - cash and investments	-	340,854	-	-	-	-	340,854
TOTAL ASSETS	<u>3,759,780</u>	<u>1,250,373</u>	<u>423,504</u>	<u>214,785</u>	<u>3,354,822</u>	<u>493,512</u>	<u>9,496,776</u>
LIABILITIES							
Accounts payable	163,331	1,720	-	-	650	-	165,701
Accrued expenses							
Payroll	2,060	-	-	384	-	-	2,444
Deposit payable	-	329,900	-	-	-	-	329,900
Unearned revenue - other	-	-	423,504	-	-	-	423,504
TOTAL LIABILITIES	<u>165,391</u>	<u>331,620</u>	<u>423,504</u>	<u>384</u>	<u>650</u>	<u>-</u>	<u>921,549</u>
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for subsequent year	1,997,154	-	-	-	-	690,746	2,687,900
FUND BALANCES							
Nonspendable	57,614	-	-	-	-	-	57,614
Restricted	-	340,854	-	214,401	-	-	555,255
Assigned	-	816,674	-	-	3,354,172	-	4,170,846
Unassigned	1,539,621	(238,775)	-	-	-	(197,234)	1,103,612
TOTAL FUND BALANCES (DEFICITS)	<u>1,597,235</u>	<u>918,753</u>	<u>-</u>	<u>214,401</u>	<u>3,354,172</u>	<u>(197,234)</u>	<u>5,887,327</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,759,780</u>	<u>\$ 1,250,373</u>	<u>\$ 423,504</u>	<u>\$ 214,785</u>	<u>\$ 3,354,822</u>	<u>\$ 493,512</u>	

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.
Amounts reported for governmental activities in the statement of net position are:

Governmental capital asset	\$ 25,079,203	
Governmental accumulated depreciation	<u>(10,631,067)</u>	14,448,136

Some revenues are unearned in the funds because they are not available to pay current period's expenditures:

Other unearned revenue to be collected after year end		423,504
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Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.

173,494

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	(5,588,822)	
Vested employee benefits	(18,306)	
Accrued interest	(120,428)	
Pollution remediation	<u>(1,662,709)</u>	<u>(7,390,265)</u>

Total net position - governmental activities **\$ 13,542,196**

TOWN OF CEDARBURG, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	GENERAL FUND	SPECIAL REVENUE	SPECIAL REVENUE - AMERICAN RESCUE	SPECIAL REVENUE - RECREATION	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	\$ 1,836,131	\$ -	\$ -	\$ -	\$ -	\$ 350,785	\$ 2,186,916
Intergovernmental	370,252	-	192,916	-	116,534	-	679,702
Licenses and permits	206,268	30,320	-	-	-	-	236,588
Public charges for services	137,986	-	-	114,496	-	-	252,482
Miscellaneous	80,787	16,813	-	-	2,867	-	100,467
TOTAL REVENUES	2,631,424	47,133	192,916	114,496	119,401	350,785	3,456,155
EXPENDITURES							
Current							
General government	534,727	34,688	1,374	-	-	-	570,789
Public safety	457,877	-	-	-	-	-	457,877
Public works	1,284,265	6,105	-	-	-	-	1,290,370
Culture, recreation and education	2,887	-	-	88,722	-	-	91,609
Conservation and development	3,460	-	-	-	-	-	3,460
Debt service							
Principal	-	-	-	-	-	327,461	327,461
Interest	-	-	-	-	-	23,324	23,324
Other	-	-	-	-	65,512	-	65,512
Capital outlay	61,815	1,000	191,542	-	2,028,969	-	2,283,326
TOTAL EXPENDITURES	2,345,031	41,793	192,916	88,722	2,094,481	350,785	5,113,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	286,393	5,340	-	25,774	(1,975,080)	-	(1,657,573)
OTHER FINANCING SOURCES (USES)							
Transfers in	110,961	158,000	-	-	-	-	268,961
Transfers (out)	(158,000)	(110,961)	-	-	-	-	(268,961)
Sale of capital assets	14,622	-	-	-	-	-	14,622
Issuance of long-term debt	-	-	-	-	5,249,900	-	5,249,900
Premium on long-term debt	-	-	-	-	-	99,952	99,952
TOTAL OTHER FINANCING SOURCES (USES)	(32,417)	47,039	-	-	5,249,900	99,952	5,364,474
NET CHANGE IN FUND BALANCE	253,976	52,379	-	25,774	3,274,820	99,952	3,706,901
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	1,343,259	866,374	-	188,627	79,352	(297,186)	2,180,426
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 1,597,235	\$ 918,753	\$ -	\$ 214,401	\$ 3,354,172	\$ (197,234)	\$ 5,887,327

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds \$ 3,706,901

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	\$	2,283,326	
Less noncapitalized outlay		(717,038)	
Depreciation expense reported in the statement of activities		(829,478)	
Less cost of capital assets disposed		<u>(290,371)</u>	
Amount by which capital outlays are greater than depreciation in the current period:			446,439

Certain capital assets acquired during the year were financed with loans. The amount of the loans are reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is: (5,349,852)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by: 9,916

Certain revenues are unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year: 224,234

Wisconsin Retirement System asset, deferred outflows of resources, liability and deferred inflows of resources changes: 67,374

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is: 327,461

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues. The amount of interest and other debt costs paid during the current period 88,836
The amount of interest and other debt costs accrued during the current period (190,800)
Interest paid is less than interest accrued by: (101,964)

Change in net position - governmental activities \$ (669,491)

TOWN OF CEDARBURG, WISCONSIN

STATEMENT OF NET POSITION

FIDUCIARY FUND

DECEMBER 31, 2022

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash and investments	\$ 5,117,620
Taxes receivable	<u>5,768,510</u>
TOTAL ASSETS	<u><u>10,886,130</u></u>
LIABILITIES	
Due to other governments	<u>5,117,620</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for subsequent year	<u>5,768,510</u>
NET POSITION	
Restricted for other governments	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022

	<u>CUSTODIAL FUND</u>
ADDITIONS	
Collections for other governments	\$ 11,124,082
DEDUCTIONS	
Payments to other governments	<u>11,124,082</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

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

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

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

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

Basis of Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

Special Revenue Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes.

Special Revenue - American Rescue Fund - is used to account for and report revenues and expenses specific to the American Rescue Plan Act.

Special Revenue - Recreation Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for operating the Town's recreation program and capital outlays, including the acquisition or construction of recreation facilities.

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

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest payments.

In addition, the Town reports the following fund type:

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

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

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

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

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Due To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Eliminations have been made for amounts due to/from within the same fund type on the government-wide statements.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as transfers, and exchange transactions are recorded as revenues and expenses.

Inventories - Inventories are valued at cost using the average cost method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond December 31.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Restricted Cash - Certain resources set aside for impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Capital Assets - 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 an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated assets are reported at their estimated acquisition value at the date of donation.

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

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Buildings	25 - 50 years
Equipment	10 - 20 years
Infrastructure	35 - 50 years

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.

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

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources expenditure until then. The Town has one item that qualifies for reporting in this category, which is the Wisconsin Retirement System pension. The Wisconsin Retirement System pension results from changes in the actuarial study and is amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources until then. The Town has two types of these items: unavailable revenue and Wisconsin Retirement System pension. The unavailable revenue is from two sources: property taxes levied for subsequent year and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The Wisconsin Retirement System pension results from changes in the actuarial study and is amortized over the average of the expected remaining service lives of participants.

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

When net losses occur, it is the Town's policy to record the net loss against committed fund balance, then assigned fund balance, and lastly to unassigned fund balance (GASB 54 default for no policy). The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

NOTE 2 - Cash and Investments

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

As of December 31, 2022, the Town had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 50,525
Certificates of deposit	More than one year	<u>1,007,749</u>
Total		<u>\$ 1,058,274</u>

Determining Fair Value - The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has no items requiring recurring fair value measurements.

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

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

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 2 - Cash and Investments - Continued

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has a formal investment policy that would not further limit its investment choices.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2022, \$9,313,542 of the Town's bank balance of \$12,987,271 was uninsured and uncollateralized.

Restricted cash on December 31, 2022 consists of the following:

Impact fees account	\$ 340,854
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NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31 or payable in full on January 31. Personal property taxes are payable in full on January 31. The Town bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the county for collection. Delinquent personal property tax remains the collection responsibility of the Town. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Fund. Town property tax revenue is recognized in the year they are levied for and available for use. The 2022 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

NOTE 4 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,823,257	\$ 249,900	\$ -	\$ 2,073,157
Total capital assets not being depreciated	1,823,257	249,900	-	2,073,157
Capital assets being depreciated:				
Land improvements	1,694,158	-	-	1,694,158
Buildings and improvements	2,824,357	-	-	2,824,357
Equipment	1,861,820	63,388	(66,884)	1,858,324
Infrastructure	16,214,671	1,253,000	(838,464)	16,629,207
Total capital assets being depreciated	22,595,006	1,316,388	(905,348)	23,006,046

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 4 - Capital Assets - Continued

Less accumulated depreciation for:				
Land improvements	(135,532)	(67,766)	-	(203,298)
Buildings and improvements	(1,342,848)	(139,745)	-	(1,482,593)
Equipment	(1,192,233)	(94,081)	62,882	(1,223,432)
Infrastructure	<u>(7,745,953)</u>	<u>(527,886)</u>	<u>552,095</u>	<u>(7,721,744)</u>
Total accumulated depreciation	<u>(10,416,566)</u>	<u>(829,478)</u>	<u>614,977</u>	<u>(10,631,067)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>12,178,440</u>	<u>486,910</u>	<u>(290,371)</u>	<u>12,374,979</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 14,001,697</u>	<u>\$ 736,810</u>	<u>\$ (290,371)</u>	<u>\$ 14,448,136</u>

Infrastructure information prior to January 1, 1967 is not included in the above amount.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 16,372
Public safety	23,105
Public works	683,218
Culture, recreation and education	<u>106,783</u>
Total	<u>\$ 829,478</u>

NOTE 5 - Long-Term Obligations

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Notes payable - direct borrowing	\$ 666,383	\$ 5,249,900	\$ (327,461)	\$ 5,588,822	\$ 571,987
Vested vacation pay	28,222	-	(9,916)	18,306	18,306
Pollution remediation obligation	<u>1,662,709</u>	<u>-</u>	<u>-</u>	<u>1,662,709</u>	<u>-</u>
Total	<u>\$ 2,357,314</u>	<u>\$ 5,249,900</u>	<u>\$ (337,377)</u>	<u>\$ 7,269,837</u>	<u>\$ 590,293</u>

Interest cost incurred during the year totaled \$125,288 for governmental activities. Total interest paid during the year aggregated \$23,324 for governmental activities.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Town. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2022 is comprised of the following individual issues:

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 5 - Long-Term Obligations - Continued

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Note payable - direct borrowing	7/3/18	3.5%	3/15/23	\$ 338,922
Note payable - direct borrowing	5/4/22	3 - 4%	3/1/32	5,000,000
Note payable - direct borrowing	5/24/22	3.25%	3/18/27	249,900
Total				<u>\$ 5,588,822</u>

General Obligation Debt Limit Calculation - The 2022 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$1,200,532,200. The legal debt limit and margin of indebtedness as of December 31, 2022, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

Debt limit (5% of \$1,200,532,200)	\$ 60,026,610
Applicable long-term debt	(5,588,822)
Amount available in debt service	-
Margin of indebtedness	<u>\$ 54,437,788</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Year Ending December 31	<u>Governmental Activities</u>		
	<u>Notes Payable - Direct</u>		
	<u>Borrowing and Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 571,987	\$ 218,710	\$ 790,697
2024	258,051	148,928	406,979
2025	264,631	139,923	404,554
2026	266,244	131,860	398,104
2027	272,909	123,670	396,579
2028-2032	3,955,000	465,825	4,420,825
	<u>\$ 5,588,822</u>	<u>\$ 1,228,916</u>	<u>\$6,817,738</u>

Pollution Remediation Obligation - At year end December 31, 2022, the Town was obligated to address the future pollution cleanup activities at Prochnow Landfill, due to federal or state laws or regulations. The Town's obligation originated in 2008 to address the pollution remediation because the pollution created an imminent endangerment to public health or welfare or the environment. Examples of expected future remediation activity costs include legal services, site investigation, and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2022, the obligation was \$1,662,709. The Town will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such additional costs become measurable. Because of this, the liability is subject to change as the Town becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 5 - Long-Term Obligations - Continued

government-wide financial statements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 6 - Wisconsin Retirement System

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 6 - Wisconsin Retirement System Pension - Continued

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13

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

During the reporting period, the WRS recognized \$41,722 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At December 31, 2022, the Town reported a liability (asset) of (\$295,185) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Wisconsin Retirement System Pension - Continued

December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability (asset) was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Town's proportion was .00366227%, which was a decrease of .00008262% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Town recognized pension expense (revenue) of (\$25,586).

At December 31, 2022, 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	\$ 476,856	\$ 34,386
Net differences between projected and actual earnings on pension plan investments	-	660,355
Changes of actuarial assumptions	55,073	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,305	1,906
Employer contributions subsequent to the measurement date	41,722	-
Total	\$ 574,956	\$ 696,647

\$41,722 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2023	\$ (14,065)
2024	(80,467)
2025	(35,313)
2026	(33,569)
Thereafter	-

Actuarial Assumptions - The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Wisconsin Retirement System Pension - Continued

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases	
Wage Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

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

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

Asset Allocation Targets and Expected Returns
As of December 31, 2021

TOWN OF CEDARBURG, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Wisconsin Retirement System Pension - Continued

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.5%.

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations. The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate - A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 6 - Wisconsin Retirement System Pension - Continued

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Town's proportionate share of the net pension liability (asset)	\$ 209,455	\$ (295,185)	\$ (658,433)

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

Payables to the Pension Plan - The Town reported a payable of \$7,579 for outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

NOTE 7 - Interfund Balance and Activity

Interfund transfers at December 31, 2022 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Special Revenue	\$ 110,961
Special Revenue	General	<u>158,000</u>
		<u>\$ 268,961</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - Fund Balance and Net Position

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 33,314
General	Inventories	\$ 24,300
Restricted		
Special Revenue	Impact fees	\$ 340,854
Special Revenue - Recreation	Recreation projects	\$ 214,401
Assigned		
Special Revenue	Machinery	\$ 467,890
Special Revenue	Environment	\$ 109,420
Special Revenue	Public works facility	\$ 152,346
Special Revenue	Town center	\$ 87,018
Capital Projects	Capital	\$ 3,354,172

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 8 - Fund Balance and Net Position - Continued

Net Position

Governmental Activities

Restricted

Special Revenue	Impact fees	\$	340,854
Special Revenue -			
Recreation	Recreation projects	\$	214,401
Other activities	Wisconsin Retirement System pension	\$	295,185

Deficits

The following individual funds had deficits at December 31, 2022:

Debt Service	\$	197,234
Special Revenue	\$	238,775

The deficits will be funded by future revenues.

The Town has adopted a resolution that a working fund balance for general operations will be maintained in order to support expenditures prior to collections of taxes or other major revenues. The unassigned General Fund fund balance shall be maintained at a minimum of 40% of the prior year's budgeted general fund operating expenditures, less the amount included for highway construction as that number fluctuates from year to year.

NOTE 9 - Risk Management

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

TOWN OF CEDARBURG, WISCONSIN

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF CEDARBURG, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,830,314	\$ 1,830,314	\$ 1,836,131	\$ 5,817
Intergovernmental	311,175	311,175	370,252	59,077
Licenses and permits	150,200	150,200	206,268	56,068
Fines, forfeits and penalties	250	250	-	(250)
Public charges for services	135,408	135,408	137,986	2,578
Miscellaneous	6,000	6,000	80,787	74,787
TOTAL REVENUES	<u>2,433,347</u>	<u>2,433,347</u>	<u>2,631,424</u>	<u>198,077</u>
EXPENDITURES				
Current				
General government	677,527	677,527	534,727	142,800
Public safety	390,773	390,773	457,877	(67,104)
Public works	1,400,245	1,400,245	1,284,265	115,980
Culture, recreation and education	5,000	5,000	2,887	2,113
Conservation and development	3,175	3,175	3,460	(285)
Capital outlay	304,000	304,000	61,815	242,185
TOTAL EXPENDITURES	<u>2,780,720</u>	<u>2,780,720</u>	<u>2,345,031</u>	<u>435,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(347,373)</u>	<u>(347,373)</u>	<u>286,393</u>	<u>633,766</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	307,373	307,373	110,961	(196,412)
Operating transfers (out)	-	-	(158,000)	(158,000)
Sale of capital assets	5,000	5,000	14,622	9,622
Issuance of long-term debt	35,000	35,000	-	(35,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>347,373</u>	<u>347,373</u>	<u>(32,417)</u>	<u>(379,790)</u>
NET CHANGE IN FUND BALANCE	-	-	253,976	253,976
FUND BALANCE - BEGINNING OF YEAR	<u>1,343,259</u>	<u>1,343,259</u>	<u>1,343,259</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,343,259</u>	<u>\$ 1,343,259</u>	<u>\$ 1,597,235</u>	<u>\$ 253,976</u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Licenses and permits	\$ 37,900	\$ 37,900	\$ 30,320	\$ (7,580)
Miscellaneous	600	600	16,813	16,213
TOTAL REVENUES	<u>38,500</u>	<u>38,500</u>	<u>47,133</u>	<u>8,633</u>
EXPENDITURES				
Current				
General government	20,000	20,000	34,688	(14,688)
Public works	15,000	15,000	6,105	8,895
Capital outlay	<u>120,000</u>	<u>120,000</u>	<u>1,000</u>	<u>119,000</u>
TOTAL EXPENDITURES	<u>155,000</u>	<u>155,000</u>	<u>41,793</u>	<u>113,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(116,500)</u>	<u>(116,500)</u>	<u>5,340</u>	<u>121,840</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	535,000	535,000	158,000	(377,000)
Transfers (out)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(110,961)</u>	<u>189,039</u>
TOTAL OTHER FINANCING SOURCES	<u>235,000</u>	<u>235,000</u>	<u>47,039</u>	<u>(187,961)</u>
NET CHANGE IN FUND BALANCE	118,500	118,500	52,379	(66,121)
FUND BALANCE - BEGINNING OF YEAR	<u>866,374</u>	<u>866,374</u>	<u>866,374</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 984,874</u>	<u>\$ 984,874</u>	<u>\$ 918,753</u>	<u>\$ (66,121)</u>

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE - AMERICAN RESCUE FUND
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Intergovernmental	\$ 317,198	\$ 317,198	\$ 192,916	\$ (124,282)
TOTAL REVENUES	317,198	317,198	192,916	(124,282)
EXPENDITURES				
Current				
General government	-	-	1,374	(1,374)
Capital outlay	109,500	109,500	191,542	(82,042)
TOTAL EXPENDITURES	109,500	109,500	192,916	(83,416)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	207,698	207,698	-	(207,698)
NET CHANGE IN FUND BALANCE	207,698	207,698	-	(207,698)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 207,698	\$ 207,698	\$ -	\$ (207,698)

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE - RECREATION FUND
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Public charges for services	\$ 117,252	\$ 117,252	\$ 114,496	\$ (2,756)
TOTAL REVENUES	117,252	117,252	114,496	(2,756)
EXPENDITURES				
Current				
Culture, recreation and education	74,462	74,462	88,722	(14,260)
TOTAL EXPENDITURES	74,462	74,462	88,722	(14,260)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42,790	42,790	25,774	(17,016)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(42,790)	(42,790)	-	42,790
NET CHANGE IN FUND BALANCE	-	-	25,774	25,774
FUND BALANCE - BEGINNING OF YEAR	188,627	188,627	188,627	-
FUND BALANCE - END OF YEAR	\$ 188,627	\$ 188,627	\$ 214,401	\$ 25,774

The accompanying notes are an integral part of these statements.

TOWN OF CEDARBURG, WISCONSIN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 ON BUDGETARY ACCOUNTING AND CONTROL
 DECEMBER 31, 2022

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

1. In September of each year, all department heads of the Town submit requests for appropriations to the Town Administrator so that a budget may be prepared. In October, the Town Administrator submits a proposed operating budget for the fiscal year commencing the following January 1 to the Finance Committee. The operating budget includes proposed expenditures and the means of financing them.
2. The Town Board holds an initial review of the Finance Committee's recommended budget at its November Board meeting.
3. A public hearing is conducted for residents to approve the budget in December.
4. The department heads are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Town Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the Town Board.
9. Appropriations lapse at year-end, except those specifically carried forward by Board action.
10. Encumbrance accounting is not used.

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

General Fund	Public safety	\$ 67,104
General Fund	Transfer in	196,412
General Fund	Transfer out	158,000
Special Revenue Fund	General government	14,688
Special Revenue - American Rescue Fund	General government	1,374
Special Revenue - American Rescue Fund	Capital outlay	82,042
Special Revenue - Recreation Fund	Culture, recreation and education	14,260

TOWN OF CEDARBURG, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.00366227%	\$ (295,185)	\$ 630,721	-46.80%	106.02%
2020	0.00374489%	(233,798)	586,371	-39.87%	105.26%
2019	0.00391103%	(126,109)	613,431	-20.56%	102.96%
2018	0.00388347%	138,161	601,379	22.97%	96.45%
2017	0.00392198%	(116,448)	592,986	-19.64%	102.93%
2016	0.00394400%	32,508	540,232	6.02%	99.12%
2015	0.00408074%	66,311	572,586	11.58%	98.20%
2014	0.00400330%	(98,332)	568,300	-17.30%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Town Fiscal Year End	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 41,722	\$ (41,722)	\$ -	\$ 641,873	6.50%
2021	42,573	(42,573)	-	630,721	6.75%
2020	39,580	(39,580)	-	586,371	6.75%
2019	40,179	(40,179)	-	613,431	6.55%
2018	40,291	(40,291)	-	601,379	6.70%
2017	40,322	(40,322)	-	592,986	6.80%
2016	35,655	(35,655)	-	540,232	6.60%
2015	38,936	(38,936)	-	572,586	6.80%

The Town implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2022

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

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

- * Lowering the long-term expected rate of return from 7% to 6.8%.
- * Lowering the discount rate from 7% to 6.8%.
- * Lowering the price inflation rate from 2.5% to 2.4%.
- * Lowering the post-retirement adjustments from 1.9% to 1.7%.
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

TOWN OF CEDARBURG, WISCONSIN
OTHER REPORT



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

To the Town Board
Town of Cedarburg, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Cedarburg, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Cedarburg, Wisconsin's basic financial statements, and have issued our report thereon dated May 15, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

2022-001 - Preparation of Financial Statements

Program: Government-Wide.

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

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

Questioned Costs: Not applicable.

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

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

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2021-001.

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

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

2022-002 - Material Audit Adjustments

Program: Government-Wide.

Criteria: Generally accepted accounting principles.

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

Questioned Costs: Not applicable.

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

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

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

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

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

Report on Compliance and Other Matters

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

Town of Cedarburg, Wisconsin's Responses to Findings

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
May 15, 2023