

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	5
STATEMENT OF ACTIVITIES	6
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	8
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUND	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	10
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUND	11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	12
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	13
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	14
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	15
STATEMENT OF NET POSITION – FIDUCIARY FUND	16
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND	17
NOTES TO BASIC FINANCIAL STATEMENTS	18
SUPPLEMENTARY INFORMATION	
DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES – GENERAL FUND	41
DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES – GENERAL FUND	42

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

**ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL
STATEMENTS**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	44
SCHEDULE OF FINDINGS AND RESPONSES	46



INDEPENDENT AUDITORS' REPORT

Town Board
Town of Liberty Grove
Door County, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Liberty Grove, Door County, Wisconsin (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Liberty Grove's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Liberty Grove, Door County, Wisconsin as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 Liberty Grove, Door County, Wisconsin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Town of Liberty Grove, Door County, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Liberty Grove, Door County, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Liberty Grove, Door County, Wisconsin's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2024, on our consideration of the Town of Liberty Grove, Door County, Wisconsin'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 the Town of Liberty Grove, Door County, Wisconsin's 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 Town of Liberty Grove, Door County, Wisconsin's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 28, 2024

BASIC FINANCIAL STATEMENTS

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,308,414	\$ 549,819	\$ 3,858,233
Receivables:			
Taxes and Special Charges	2,283,449	-	2,283,449
Accounts	66,332	50,561	116,893
Lease	77,347	-	77,347
Internal Balances	7,481	(7,481)	-
Prepaid Supplies and Items	100,613	-	100,613
Investment in Joint Venture Fire Department	1,810,250	-	1,810,250
Restricted Assets:			
Cash and Investments	-	120,470	120,470
Capital Assets, Nondepreciable	3,793,092	8,000	3,801,092
Capital Assets, Depreciable	7,976,947	1,295,068	9,272,015
Total Assets	<u>19,423,925</u>	<u>2,016,437</u>	<u>21,440,362</u>
LIABILITIES			
Accounts Payable	49,354	47,032	96,386
Accrued and Other Current Liabilities	34,771	-	34,771
Accrued Interest Payable	21,226	-	21,226
Long-Term Obligations:			
Due Within One Year	393,282	-	393,282
Due in More Than One Year	942,978	-	942,978
Total Liabilities	<u>1,441,611</u>	<u>47,032</u>	<u>1,488,643</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,819,123	-	2,819,123
Lease for Tower Rental	77,347	-	77,347
Total Deferred Inflows of Resources	<u>2,896,470</u>	<u>-</u>	<u>2,896,470</u>
NET POSITION			
Net Investment in Capital Assets	10,949,032	1,303,068	12,252,100
Restricted for Capital Assets	-	120,470	120,470
Unrestricted	4,136,812	545,867	4,682,679
Total Net Position	<u>\$ 15,085,844</u>	<u>\$ 1,969,405</u>	<u>\$ 17,055,249</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General Government	\$ 450,539	\$ 198,496	\$ -
Public Safety	462,416	-	-
Public Works	1,811,184	11,674	-
Health and Human Services	12,839	29,477	-
Culture and Recreation	216,179	24,369	-
Conservation and Development	179,745	-	-
Interest and Fiscal Charges	37,614	-	-
Total Governmental Activities	3,170,516	264,016	-
BUSINESS-TYPE ACTIVITIES			
Water Utility	70,705	57,619	34,456
Sewer Utility	183,460	146,640	3,507
Total Business-Type Activities	254,165	204,259	37,963
Total	<u>\$ 3,424,681</u>	<u>\$ 468,275</u>	<u>\$ 37,963</u>

GENERAL REVENUES

Taxes:
 Property Taxes
 Other Taxes
Federal and State Grants and Other
Contributions Not Restricted to
Specific Functions
Interest And Investment Earnings
Miscellaneous
Total General Revenues

CHANGE IN NET POSITION

Net Position - January 1

NET POSITION - DECEMBER 31

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (252,043)	\$ -	\$ (252,043)
Public Safety	(462,416)	-	(462,416)
Public Works	(1,799,510)	-	(1,799,510)
Health and Human Services	16,638	-	16,638
Culture and Recreation	(191,810)	-	(191,810)
Conservation and Development	(179,745)	-	(179,745)
Interest and Fiscal Charges	(37,614)	-	(37,614)
Total Governmental Activities	(2,906,500)	-	(2,906,500)
BUSINESS-TYPE ACTIVITIES			
Water Utility	-	21,370	21,370
Sewer Utility	-	(33,313)	(33,313)
Total Business-Type Activities	-	(11,943)	(11,943)
Total	(2,906,500)	(11,943)	(2,918,443)
GENERAL REVENUES			
Taxes:			
Property Taxes	2,634,623	20,266	2,654,889
Other Taxes	304,170	-	304,170
Federal and State Grants and Other			
Contributions Not Restricted to			
Specific Functions	562,512	-	562,512
Interest And Investment Earnings	63,874	13,844	77,718
Miscellaneous	26,545	-	26,545
Total General Revenues	3,591,724	34,110	3,625,834
CHANGE IN NET POSITION	685,224	22,167	707,391
Net Position - January 1	14,400,620	1,947,238	16,347,858
NET POSITION - DECEMBER 31	<u>\$ 15,085,844</u>	<u>\$ 1,969,405</u>	<u>\$ 17,055,249</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023**

ASSETS

	<u>General Fund</u>
Cash and Investments	\$ 3,308,414
Receivables:	
Taxes and Special Charges	2,283,449
Accounts	66,332
Lease	77,347
Due from Other Funds	7,481
Prepaid Supplies and Items	<u>100,613</u>
 Total Assets	 <u><u>\$ 5,843,636</u></u>

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCE**

LIABILITIES

Accounts Payable	\$ 49,354
Accrued and Other Current Liabilities	<u>34,771</u>
Total Liabilities	84,125

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	2,819,123
Lease	<u>77,347</u>
Total Deferred Inflows of Resources	2,896,470

FUND BALANCE

Nonspendable	100,613
Committed	648,978
Assigned	986,358
Unassigned	<u>1,127,092</u>
Total Fund Balance	<u><u>2,863,041</u></u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 5,843,636</u></u>
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See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
DECEMBER 31, 2023**

Total Fund Balances as Shown on Previous Page	\$ 2,863,041
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	11,770,039
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Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Investment in joint venture related to governmental activities	1,810,250
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and Notes Payable	(1,285,000)
Premium on Debt	(36,007)
Compensated Absences	(15,253)
Accrued Interest on Long-Term Obligations	<u>(21,226)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 15,085,844</u></u>
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**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

REVENUES	<u>General Fund</u>
Taxes	\$ 2,938,793
Intergovernmental	562,512
Licenses and Permits	83,936
Public Charges for Services	68,634
Miscellaneous	<u>201,865</u>
Total Revenues	3,855,740
 EXPENDITURES	
Current:	
General Government	431,736
Public Safety	398,742
Public Works	670,945
Health and Human Services	12,839
Culture and Recreation	150,385
Conservation and Development	179,745
Debt Service:	
Principal	305,411
Interest and Fiscal Charges	45,800
Capital Outlay	<u>1,648,753</u>
Total Expenditures	<u>3,844,356</u>
 Excess (Deficiency) of Revenues Under Expenditures	 11,384
 OTHER FINANCING SOURCES	
Long-Term Debt Issued	<u>500,000</u>
 NET CHANGE IN FUND BALANCE	 511,384
 Fund Balance - January 1	 <u>2,351,657</u>
 FUND BALANCE - DECEMBER 31	 <u><u>\$ 2,863,041</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances as Shown on Previous Page	\$	511,384
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay in Governmental Fund Statements		614,372
Depreciation Expense Reported in the Statement of Activities		(474,224)
Net Book Value of Disposals		(23,990)

Payments to the Joint Fire District are reported as expenditures in the governmental funds. The Statement of Activities reports the change in the Town's investment in the Fire District at year-end. The change in investment increased (decreased) by:		246,149
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Long-Term Debt Issued		(500,000)
Principal Repaid		305,411

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt		(5,685)
Amortization of Premium		13,763
Compensated Absences		(1,956)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$	<u>685,224</u>
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**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 2,800,259	\$ 2,938,793	\$ 138,534
Intergovernmental	368,083	562,512	194,429
Licenses and Permits	91,011	83,936	(7,075)
Public Charges for Services	53,275	68,634	15,359
Miscellaneous	88,727	201,865	113,138
Total Revenues	<u>3,401,355</u>	<u>3,855,740</u>	<u>454,385</u>
EXPENDITURES			
Current:			
General Government	431,442	431,736	(294)
Public Safety	424,996	398,742	26,254
Public Works	633,585	670,945	(37,360)
Health and Human Services	17,084	12,839	4,245
Culture and Recreation	148,172	150,385	(2,213)
Conservation and Development	154,052	179,745	(25,693)
Debt Service:			
Principal	305,411	305,411	-
Interest and Fiscal Charges	45,460	45,800	(340)
Capital Outlay	1,248,561	1,648,753	(400,192)
Total Expenditures	<u>3,408,763</u>	<u>3,844,356</u>	<u>(435,593)</u>
Excess (Deficiency) of Revenues Under Expenditures	(7,408)	11,384	18,792
OTHER FINANCING SOURCES			
Long-Term Debt Issued	<u>-</u>	<u>500,000</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCE	(7,408)	511,384	518,792
Fund Balance - January 1	<u>2,351,657</u>	<u>2,351,657</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 2,344,249</u></u>	<u><u>\$ 2,863,041</u></u>	<u><u>\$ 518,792</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

ASSETS	Business - Type Activities		Total
	Water	Sewer	
CURRENT ASSETS			
Cash and Investments	\$ 549,819	\$ -	\$ 549,819
Receivables:			
Customer Accounts	11,769	38,792	50,561
Due from Other Funds	693,380	-	693,380
Total Current Assets	1,254,968	38,792	1,293,760
NONCURRENT ASSETS			
Restricted Assets:			
Cash and Investments	116,963	3,507	120,470
CAPITAL ASSETS			
Nondepreciable	8,000	-	8,000
Depreciable	675,345	619,723	1,295,068
Total Capital Assets	683,345	619,723	1,303,068
Total Assets	2,055,276	662,022	2,717,298
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	12,900	34,132	47,032
Due to Other Funds	7,481	693,380	700,861
Total Liabilities	20,381	727,512	747,893
NET POSITION			
Net Investment in Capital Assets	683,345	619,723	1,303,068
Restricted for Capital Assets	116,963	3,507	120,470
Unrestricted	1,234,587	(688,720)	545,867
Total Net Position	\$ 2,034,895	\$ (65,490)	\$ 1,969,405

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business - Type Activities		
	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for Services	\$ 55,998	\$ 146,461	\$ 202,459
Other	21,752	179	21,931
Total Operating Revenues	77,750	146,640	224,390
OPERATING EXPENSES			
Operation and Maintenance	31,236	146,671	177,907
Administrative and General	17,235	12,651	29,886
Depreciation	22,234	24,138	46,372
Total Operating Expenses	70,705	183,460	254,165
OPERATING INCOME (LOSS)	7,045	(36,820)	(29,775)
NONOPERATING REVENUES			
Interest Income	13,844	-	13,844
Other Nonoperating Revenues	135	-	135
Total Nonoperating Revenues	13,979	-	13,979
INCOME (LOSS) BEFORE CONTRIBUTIONS	21,024	(36,820)	(15,796)
Capital Contributions	34,456	3,507	37,963
CHANGE IN NET POSITION	55,480	(33,313)	22,167
Net Position - January 1	1,979,415	(32,177)	1,947,238
NET POSITION - DECEMBER 31	<u>\$ 2,034,895</u>	<u>\$ (65,490)</u>	<u>\$ 1,969,405</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business - Type Activities		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 72,882	\$ 142,013	\$ 214,895
Cash Paid for Services Provided	(29,162)	(146,443)	(175,605)
Cash Paid for Employee Wages and Benefits	(15,680)	(12,651)	(28,331)
Net Cash Provided (Used) by Operating Activities	28,040	(17,081)	10,959
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Nonoperating Revenues	135	-	135
Payments (to)/from Other Funds	(17,081)	17,081	-
Net Cash Provided (Used) by Noncapital Financing Activities	(16,946)	17,081	135
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(4,367)	-	(4,367)
Capital Contributions	20,456	3,507	23,963
Net Cash Flows Provided by Capital and Related Financing Activities	16,089	3,507	19,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	13,844	-	13,844
CHANGE IN CASH AND INVESTMENTS	41,027	3,507	44,534
Cash and Investments - January 1	625,755	-	625,755
CASH AND INVESTMENTS - DECEMBER 31	<u>\$ 666,782</u>	<u>\$ 3,507</u>	<u>\$ 670,289</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 7,045	\$ (36,820)	\$ (29,775)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	22,234	24,138	46,372
Depreciation Charged to Sewer Utility	1,119	(1,119)	-
Change In Operating Assets and Liabilities:			
Accounts Receivables	(4,868)	(4,627)	(9,495)
Accounts Payable	2,510	1,347	3,857
Net Cash Provided (Used) by Operating Activities	<u>\$ 28,040</u>	<u>\$ (17,081)</u>	<u>\$ 10,959</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION			
Cash and Investments In Current Assets	\$ 549,819	\$ -	\$ 549,819
Cash and Investments In Restricted Assets	116,963	3,507	120,470
Total Cash and Investments	<u>\$ 666,782</u>	<u>\$ 3,507</u>	<u>\$ 670,289</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets - Accounts Payable	\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023**

ASSETS	<u>Custodial Fund</u>
Cash and Investments	\$ 1,812,530
Receivables:	
Taxes and Special Charges	<u>7,712,703</u>
Total Assets	<u>9,525,233</u>
 DEFERRED INFLOWS	
Property Taxes Levied for the Subsequent Year	<u>9,525,233</u>
 NET POSITION	
Fiduciary Net Position	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2023**

ADDITIONS	<u>Custodial Fund</u>
Taxes and Special Charges Collected	\$ 8,838,595
DEDUCTIONS	
Payments to Other Taxing Districts	<u>8,838,595</u>
CHANGE IN NET POSITION	-
Net Position - January 1	<u>-</u>
NET POSITION - DECEMBER 31	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Liberty Grove, Door County, Wisconsin (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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:

A. Reporting Entity

The Town is a municipal corporation governed by an elected five-member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the following component unit that is required to be included in the basic financial statements.

Town of Liberty Grove Sanitary District #1

The Town of Liberty Grove Sanitary District #1 (the District) is governed by a five-member Town Board of Liberty Grove. Although legally separate from the Town, the District is reported as if it was part of the primary government because the Town Board is serving as their governing body. The District provides water and sanitary services to parts of the Town.

B. Joint Ventures

Sister Bay/Liberty Grove Joint Fire Department

The Town and the Village of Sister Bay formed a joint fire department in the 1930's to provide for services to its citizens. An intergovernmental agreement was adopted in 2010 to provide for the continuing operation of the joint fire department. The agreement creates a Fire Board composed of three members from the Town and two from Sister Bay Boards. All Fire Board members shall be elected officials of the Town and Village. In accordance with the agreement, the costs of these services are shared by the Town and the Village on a basis of 2/3 of the cost being paid by the Town and 1/3 of the cost being paid by the Village. These percentages are based on the approximate percentage of the assessed property value of the Town and the Village to the total assessed property of each entity combined. During 2023, the Town remitted \$462,416 to the joint fire department. The Town has an equity interest in the net position of the Sister Bay/Liberty Grove Joint Fire Department. At December 31, 2023, the Town's equity interest was \$1,810,250. Complete financial information for Sister Bay/Liberty Grove Joint Fire Department can be obtained from the department office in Sister Bay, Wisconsin.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

Joint Public Library Facility

The Town and the Village of Sister Bay entered into an agreement on June 12, 2001 for the purpose of constructing and maintaining a building to be used as a joint public library facility. The construction costs and annual building operation and maintenance costs are financed 1/2 by the Town and 1/2 by the Village. The Sister Bay Liberty Grove Library Building Commission is governed by a six-member board of commissioners composed of three members from the Town and three members from Sister Bay. During 2023, the Town remitted an operating appropriation of \$103,071 to the joint library facility. The Town accounts for its share of the operations in the general fund. The Town does not have an equity interest in the joint venture. Complete financial statements for the Sister Bay Liberty Grove Library Building Commission can be obtained from the Commission located in Sister Bay, Wisconsin.

The operation of the library is part of the Door County Consolidated Library System in accordance with an agreement with Door County.

Door County Tourism Zone

The Town is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 8% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 70% of the room tax collected to the Door County Visitor Bureau and 30% to the member municipalities. During 2023, the Town of Liberty Grove received \$300,894 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Governmental funds include the general fund. Proprietary funds include the enterprise funds. The Town has no internal service funds. The major individual government fund and major enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government.

The Town reports the following major enterprise funds:

Water Utility Fund

This fund accounts for the operations of the Town of Liberty Grove Sanitary District #1.

Sewer Utility Fund

This fund accounts for the operations of the Town of Liberty Grove Sanitary District #2

The Town also reports the following fiduciary fund:

Custodial Fund

The custodial fund accounts for property taxes and special charges collected on behalf of other governments.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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 Town 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.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water and wastewater functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

In addition to its levy, the Town also levies taxes for the Gibraltar School District, Door County, and Northeast Wisconsin Technical College. The Town contracts with Door County to perform the tax collection function.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

5. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Prepaid Supplies

Prepaid supplies are recorded at cost, which approximates market, using the first-in, first-out method. Prepaid supplies consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual supply items are consumed rather than when purchased.

Prepaid supplies of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town does not have a formal capitalization policy; as a result the Town has been using a threshold of \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
Land Improvements	25 - 50 Years	25 - 100 Years
Buildings and Improvements	25 - 40 Years	25 - 40 Years
Machinery and Equipment	10 - 20 Years	3 - 10 Years
Infrastructure	25 - 50 Years	18 -135 Years

8. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused sick leave benefits in accordance with employee handbook policy. All sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Deferred Outflows/Inflows of Resources (Continued)

Governmental funds may report deferred inflows of resources for unavailable revenues. The Town reports unavailable revenues for tower lease receivable and property taxes levied for subsequent year. The tower lease receivable inflows are recognized as revenues in the government-wide financial statements.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance.
- **Unassigned Fund Balance.** Amounts that are available for any purpose.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed 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.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

12. Leases

The Town is lessor for equipment usage.

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Leases (Continued)

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statement. The Town contributes 5% of eligible wages to the plan. Total contributions made by the Town were \$29,188 for the year ended December 31, 2023.

F. Use of Estimates

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

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. There were no budget amendments for the year ended December 31, 2023. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

General Fund expenditures exceeded budget by \$593,066 for the year ended December 31, 2023.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2023 as follows:

<u>Fund and Function</u>	<u>Excess Expenditures</u>
General Fund:	
General Government:	
Treasurer	\$ 26,243
Insurance	958
Other General Government	1,105
Public Works:	
Highway Maintenance	45,077
Culture and Recreation:	
Library	13,397
Conservation and Development:	
Economic Development	27,443
Debt Service:	
Principal	108
Interest and Fiscal Charges	232
Capital Outlay:	
General Government	266,683
Highway Construction	507,930

C. Deficit Net Position

The Sewer Utility at December 31, 2023 has a deficit net position of \$65,490. This will be funded with future sewer revenues.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2023 and 2024 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2023 budget was 1.78%. The actual limit for the Town for the 2024 budget was 1.60%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin Statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and Investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$5,791,233 on December 31, 2023 as summarized below:

Deposits with Financial Institutions	<u>\$ 5,791,233</u>
--------------------------------------	---------------------

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 3,858,233
Restricted Cash and Investments	120,470
Fiduciary Fund Statement of Net Position:	
Cash and Investments	<u>1,812,530</u>
Total	<u>\$ 5,791,233</u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

Deposits and investments of the Town are subject to various risks. Presented below is a discussion of the Town's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will 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 credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin Statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2023, \$3,630,209 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. Uninsured deposits consist primarily of advance tax collections that will be remitted to other local governments in January of 2024. No amounts were collateralized.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Leases Receivable

A summary of the Town's lease terms and interest rates is as follows:

Governmental Activities

Installments ranging from \$7,284 to \$8,340 including interest at 2.0%, due dates ranging from 2023-2034.

The lease provides for increases in future minimum annual rental payments.

For the year ended December 31, 2023, the Town received \$6,584 in lease revenue and \$1,616 in interest on the leases receivable.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,716	\$ 1,484	8,200
2025	6,993	1,347	8,340
2026	7,134	1,206	8,340
2027	7,278	1,062	8,340
2028	7,425	915	8,340
2029-2033	34,595	2,477	37,072
2034-2038	7,206	78	7,284
Total	<u>\$ 77,347</u>	<u>\$ 8,569</u>	<u>\$ 85,916</u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Restricted Assets

Restricted assets on December 31, 2023 totaled \$120,470 and consisted of cash and investments held for the following purposes.

Funds	Amount	Purpose
Enterprise:		
Water and Sewer Utility:		
Impact Fees	<u>\$ 120,470</u>	To account for impact fees collected and held by the utility to finance system improvements

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 3,438,463	\$ -	\$ -	\$ 3,438,463
Construction in Progress	-	354,629	-	354,629
Total Capital Assets, Not Being Depreciated	3,438,463	354,629	-	3,793,092
Capital Assets, Depreciable:				
Land Improvements	507,058	-	-	507,058
Buildings and Improvements	4,067,511	-	-	4,067,511
Machinery and Equipment	1,751,884	259,743	88,152	1,923,475
Infrastructure	7,286,683	-	-	7,286,683
Subtotals	13,613,136	259,743	88,152	13,784,727
Less Accumulated Depreciation for:				
Land Improvements	143,192	10,504	-	153,696
Buildings and Improvements	1,548,083	75,574	-	1,623,657
Machinery and Equipment	1,014,821	69,253	64,162	1,019,912
Infrastructure	2,691,622	318,893	-	3,010,515
Subtotals	5,397,718	474,224	64,162	5,807,780
Total Capital Assets, Being Depreciated, Net	8,215,418	(214,481)	23,990	7,976,947
Governmental Activities Capital Assets, Net	<u>\$ 11,653,881</u>	<u>\$ 140,148</u>	<u>\$ 23,990</u>	11,770,039
Less: Capital Related Debt				785,000
Less: Debt Premium				<u>36,007</u>
Net Investment In Capital Assets				<u>\$ 10,949,032</u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Capital Assets, Depreciable:				
Buildings and Improvements	157,883	-	-	157,883
Machinery and Equipment	2,585	-	-	2,585
Infrastructure	2,693,443	18,367	3,200	2,708,610
Subtotals	2,853,911	18,367	3,200	2,869,078
Less: Accumulated Depreciation	1,530,838	46,372	3,200	1,574,010
Total Capital Assets, Being Depreciated, Net	1,323,073	(28,005)	-	1,295,068
Business-Type Activities Capital Assets, Net	<u>\$ 1,331,073</u>	<u>\$ (28,005)</u>	<u>\$ -</u>	1,303,068
Less: Accounts Payable				-
Net Investment In Capital Assets				<u>\$ 1,303,068</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General Government	\$ 18,287
Public Safety	33,199
Public Works	404,143
Culture and Recreation	18,595
Total Depreciation Expense - Governmental Activities	<u>\$ 474,224</u>
Business-Type Activities:	
Water Utility	\$ 22,234
Sewer Utility	24,138
Total Depreciation Expense - Business- Type Activities	<u>\$ 46,372</u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Interfund Receivable and Payables

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2023 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances to Finance		
Operating Activities:		
Governmental Fund:		
General	\$ 7,481	\$ -
Proprietary Fund:		
Water Utility	693,380	7,481
Sewer Utility	-	693,380
	<u> </u>	<u> </u>
Totals	<u><u>\$ 700,861</u></u>	<u><u>\$ 700,861</u></u>

G. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Notes	\$ 925,000	\$ -	\$ 140,000	\$ 785,000	\$ 145,000
Notes from Direct Borrowings	165,411	500,000	165,411	500,000	244,469
Total General Obligation Debt	<u>1,090,411</u>	<u>500,000</u>	<u>305,411</u>	<u>1,285,000</u>	<u>389,469</u>
Debt Premium	49,770	-	13,763	36,007	-
Compensated Absences	13,297	2,458	502	15,253	3,813
Total Governmental Activities					
Long-Term Obligations	<u><u>\$ 1,153,478</u></u>	<u><u>\$ 502,458</u></u>	<u><u>\$ 319,676</u></u>	<u><u>\$ 1,336,260</u></u>	<u><u>\$ 393,282</u></u>

Total interest paid during the year on long-term debt totaled \$45,476.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
General Obligation Notes:					
GO Promissory Note	12/27/18	9/1/28	4.00%	\$ 1,500,000	\$ 785,000
GO Promissory Note from Direct Borrowings	3/31/23	3/15/25	4.50%	500,000	500,000
Total Outstanding					
General Obligation Debt					<u><u>\$ 1,285,000</u></u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Principal and interest maturities of the outstanding general obligation debt of \$1,285,000 on December 31, 2023 is detailed below:

Year Ended December 31,	Bonded		Governmental Activities Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 145,000	\$ 31,400	\$ 244,469	\$ 21,575	\$ 389,469	\$ 52,975
2025	150,000	25,600	255,531	11,499	405,531	37,099
2026	155,000	19,600	-	-	155,000	19,600
2027	165,000	13,400	-	-	165,000	13,400
2028	170,000	6,800	-	-	170,000	6,800
Total	<u>\$ 785,000</u>	<u>\$ 96,800</u>	<u>\$ 500,000</u>	<u>\$ 33,074</u>	<u>\$ 1,285,000</u>	<u>\$ 129,874</u>

The Town's outstanding notes from direct borrowings related to governmental activities of \$500,000 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2023 was \$78,791,685 as follows:

Equalized Valuation of the Town	\$ 1,601,533,700
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	80,076,685
Total Outstanding General Obligation Debt Applicable to Debt Limitation	1,285,000
Legal Margin for New Debt	<u><u>\$ 78,791,685</u></u>

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the general fund balance are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2023, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Supplies and Items	<u><u>\$ 100,613</u></u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of the general fund balance are committed by Town Board action. At December 31, 2023, General Fund balance was committed as follows:

General Fund:

Committed for:

Public Works	\$ 7,673
Parks	102,900
Library	10,500
Information Technology	104,675
Office	2,500
Fire Equipment	420,730
Total Committed Fund Balance	<u><u>\$ 648,978</u></u>

Assigned Fund Balance

Portions of the general fund balance have been assigned to represent tentative management plans that are subject to change. At December 31, 2023, fund balance was assigned as follows:

General Fund:

Assigned for Subsequent Year's Expenditures

Culture and recreation	\$ 25,179
Firemen Grant	24,750
Highway/Roads	3,263
Information Technology	475,154
Economic Development	2,774
WWTP/Larson Property	365,534
Contingency	89,704
Total	<u><u>\$ 986,358</u></u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this coverage in the past three years.

B. Contingencies

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

SUPPLEMENTARY INFORMATION

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)
TAXES			
General Property	\$ 2,634,623	\$ 2,634,623	\$ -
Delinquent Personal Property	400	(139)	(539)
Private Managed Forest Land	236	3,415	3,179
Room Tax	165,000	300,894	135,894
Total Taxes	2,800,259	2,938,793	138,534
INTERGOVERNMENTAL			
Federal:			
ARPA	-	184,686	184,686
State:			
State Shared Taxes	20,882	33,175	12,293
Fire Insurance Dues	33,723	39,778	6,055
Tax-Exempt Computer Aid	342	-	(342)
Transportation	277,501	277,501	-
Recycling Grant	3,066	3,286	220
Managed Forest Lands	9,393	183	(9,210)
DNR - in Lieu of Taxes	15,403	13,758	(1,645)
Other State Payments	7,773	10,145	2,372
Total Intergovernmental	368,083	562,512	194,429
LICENSES AND PERMITS			
Licenses:			
Liquor and Malt Beverage	11,900	11,845	(55)
Dog	600	485	(115)
Permits:			
Building	65,061	54,728	(10,333)
Franchise Fee - Cable TV	12,100	14,758	2,658
Other	1,350	2,120	770
Total Licenses and Permits	91,011	83,936	(7,075)
PUBLIC CHARGES FOR SERVICES			
General Government	5,250	5,234	(16)
Highway	-	9,674	9,674
Docks	20,125	24,249	4,124
Cemetery	27,900	29,477	1,577
Total Public Charges for Services	53,275	68,634	15,359
MISCELLANEOUS			
Interest on Investments	3,200	63,874	60,674
Rent	75,925	111,446	35,521
Other	9,602	26,545	16,943
Total Miscellaneous	88,727	201,865	113,138
Total Revenues	<u>\$ 3,401,355</u>	<u>\$ 3,855,740</u>	<u>\$ 454,385</u>

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)
GENERAL GOVERNMENT			
Board	\$ 62,000	\$ 56,868	\$ 5,132
Legal	32,000	31,861	139
Treasurer	96,289	122,532	(26,243)
Office Wages and Expenses	134,864	118,768	16,096
Elections	6,187	5,066	1,121
Assessment of Property	50,700	48,798	1,902
Hall	18,996	15,374	3,622
Insurance	30,406	31,364	(958)
Other General Government	-	1,105	(1,105)
Total General Government	<u>431,442</u>	<u>431,736</u>	<u>(294)</u>
PUBLIC SAFETY			
Fire Protection	344,996	342,113	2,883
Building Inspection	80,000	56,629	23,371
Total Public Safety	<u>424,996</u>	<u>398,742</u>	<u>26,254</u>
PUBLIC WORKS			
Highway Maintenance	592,335	637,412	(45,077)
Street Lighting	15,500	14,039	1,461
Garbage	750	630	120
Recycling	25,000	18,864	6,136
Total Public Works	<u>633,585</u>	<u>670,945</u>	<u>(37,360)</u>
HEALTH AND HUMAN SERVICES			
Animal and Insect Control	250	66	184
Cemetery	16,334	12,773	3,561
Public Health	500	-	500
Total Health and Human Services	<u>17,084</u>	<u>12,839</u>	<u>4,245</u>
CULTURE AND RECREATION			
Library	42,476	55,873	(13,397)
Parks	94,696	89,908	4,788
Community Center	11,000	4,604	6,396
Total Culture and Recreation	<u>148,172</u>	<u>150,385</u>	<u>(2,213)</u>
CONSERVATION AND DEVELOPMENT			
Economic Development	152,302	179,745	(27,443)
Land Use Planning	1,750	-	1,750
Total Conservation and Development	<u>154,052</u>	<u>179,745</u>	<u>(25,693)</u>
DEBT SERVICE			
Principal	305,411	305,519	(108)
Interest and Fiscal Charges	45,460	45,692	(232)
Total Debt Service	<u>350,871</u>	<u>351,211</u>	<u>(340)</u>
CAPITAL OUTLAY			
General Government	57,140	323,823	(266,683)
Highway Construction	817,000	1,324,930	(507,930)
Highway Equipment	235,000	-	235,000
Parks	45,000	-	45,000
Total Capital Outlay	<u>1,248,561</u>	<u>1,648,753</u>	<u>(400,192)</u>
Total Expenditures	<u>\$ 3,408,763</u>	<u>\$ 3,844,356</u>	<u>\$ (435,593)</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**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***

Town Board
Town of Liberty Grove
Door County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Liberty Grove, Door County, Wisconsin, (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Town of Liberty Grove's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 28, 2024

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting

2023-001

Segregation of Duties - Clerk/Treasurer

Type of Finding

Material Weakness in Internal Control over Financial Reporting.

Condition

The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

Criteria or Specific Requirement

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Effect

Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Cause

The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations. In addition, the Town has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

Repeat Finding

This is a repeat of finding 2022-001.

Recommendation

We recommend the Town perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. We also recommend the Town Board continue to monitor the transactions and the financial records of the Town.

Management Response

Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

2023-002

Preparation of Annual Financial Report

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting.

Condition

Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Town's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Town has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement

The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Effect

The Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause

Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat Finding

This is a repeat of finding 2022-002.

Recommendation

We recommend the Town continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Town's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report.

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

2023-002 (Continued)

Management Response

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

2023-003

Adjustments to the Town's Financial Records

Type of Finding

Material Weakness in Internal Control over Financial Reporting.

Condition

As part of our audit, we proposed adjusting journal entries to the Town's financial statements.

Criteria or Specific Requirement

Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect

Year-end financial records prepared by the Town may contain material misstatements.

Cause

While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Repeat Finding

This is a repeat of finding 2022-003.

Recommendation

We recommend the Town designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

Management Response

Management believes the cost for additional staff time and training to record adjusting entries outweighs the benefits to be received. Management will continue to review information reviewed by CliftonLarsonAllen, LLP.

