

CITY OF CHILTON, WISCONSIN
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2015

CITY OF CHILTON, WISCONSIN
TABLE OF CONTENTS
DECEMBER 31, 2015

<u>Page</u>	
3-5	Independent Auditors' Report
6-14	Management's Discussion and Analysis
	<u>BASIC FINANCIAL STATEMENTS</u>
	<u>Government-Wide Financial Statements</u>
15	Statement of Net Position
16	Statement of Activities
	<u>Fund Financial Statements</u>
17	Balance Sheet - Governmental Funds
18	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
19	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
20	Statement of Net Position - Proprietary Funds
21	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
22	Statement of Cash Flows - Proprietary Funds
23	Statement of Net Position - Fiduciary Fund
24-41	Notes to the Basic Financial Statements
	<u>REQUIRED SUPPLEMENTARY INFORMATION</u>
42	Budgetary Comparison Schedule for the General Fund - Budget and Actual
43	Notes to Required Supplementary Information on Budgetary Accounting and Control
44	Wisconsin Retirement System Schedule

CITY OF CHILTON, WISCONSIN
TABLE OF CONTENTS - Continued
DECEMBER 31, 2015

Page

OTHER SUPPLEMENTARY INFORMATION

45	Combining Balance Sheets - Nonmajor Governmental Funds
46	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
47	Detailed Statement of Revenues and Other Financing Sources - Budget and Actual - General Fund
48	Detailed Statement of Expenditures and Other Financing Uses - Budget and Actual - General Fund

OTHER REPORTS

49-51	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>
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MEMBERS OF THE CITY COUNCIL

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Member	Linda Bangart
Member	Richard Bosshardt
Member	Clayton Thornber
Member	Rick Jaeckels
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Mayor	Gerald Vanne
Clerk/Treasurer	Helen Schmidlkofer
Deputy Clerk/Treasurer	Lisa Meyer



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Chilton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chilton, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Chilton, Wisconsin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 aggregate remaining fund information of the City of Chilton, Wisconsin, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City of Chilton, Wisconsin has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chilton, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements, the detailed statement of revenues and other financing sources - budget and actual - general fund and the detailed statement of expenditures and other financing uses - budget and actual - general fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The detailed statement of revenues and other financing sources - budget and actual - general fund and the detailed statement of expenditures and other financing uses - budget and actual - general fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the City of Chilton, Wisconsin's 2014 financial statements, and our report dated March 25, 2015, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2016, on our consideration of the City of Chilton, 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 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 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 City of Chilton, Wisconsin's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
February 29, 2016

CITY OF CHILTON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS



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Management's Discussion and Analysis

As management of the City of Chilton, we offer readers of the City of Chilton's basic financial statements this narrative overview and analysis of the financial activities of the City of Chilton for the year ended December 31, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

Financial Highlights

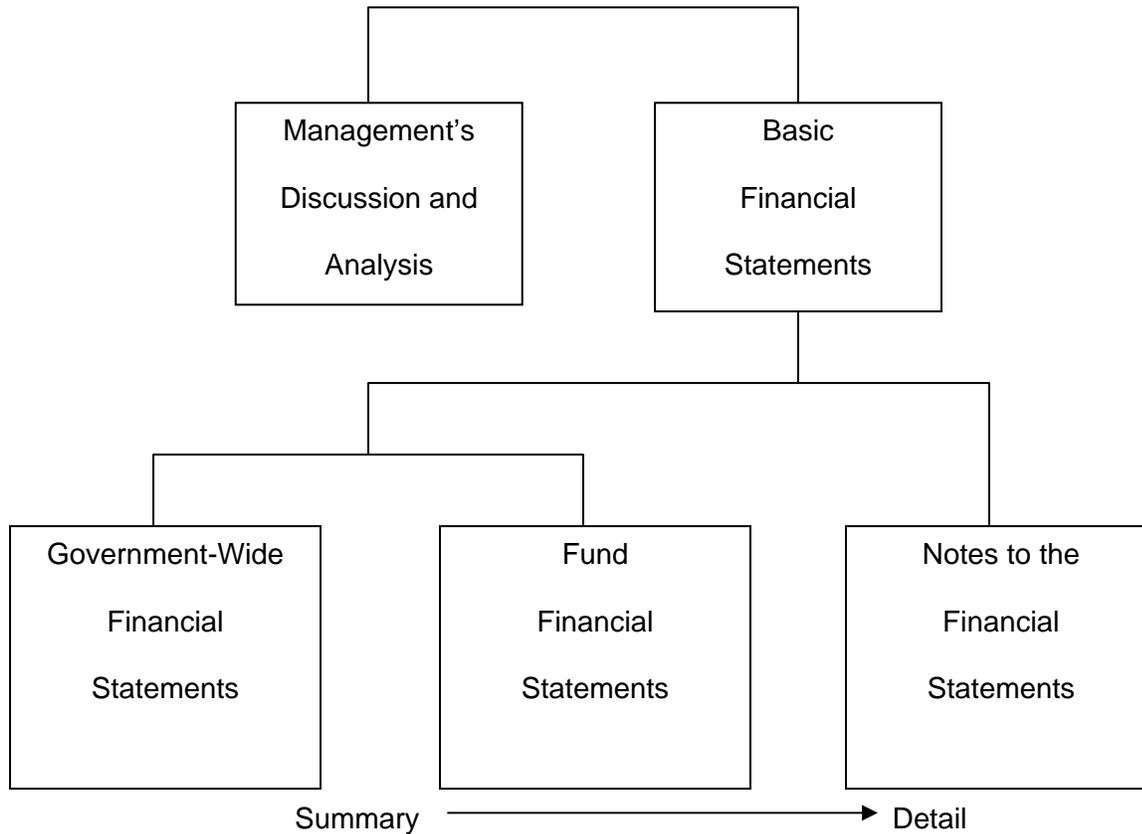
- The assets and deferred outflows of resources of the City of Chilton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,499,358 (*net position*).
- The government's total net position increased by \$351,359, due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the City of Chilton's governmental funds reported total ending fund balances of \$3,588,881 an increase of \$441,672 in comparison with the prior year. Approximately 3.5 percent of this total amount, or \$126,205, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$126,205, or 5 percent of total general fund expenditures for the fiscal year.
- The City of Chilton's total debt decreased by \$959,568 (16%) during the current fiscal year. The key factor in this decrease was the payment of principal.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Chilton's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Chilton.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the Wisconsin State Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Chilton.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Chilton, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget ordinance. All of the funds of the City of Chilton can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Chilton adopts an annual budget for its general fund, as required by the State of Wisconsin Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the general fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the general fund; and 4) the variance between the final budget and the actual revenues and expenditures.

Proprietary Funds - The City of Chilton has two proprietary funds. A *proprietary fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Chilton uses proprietary funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the statement of net position and the statement of activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Chilton's own programs. The fiduciary fund maintained by the City of Chilton is the property tax fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Chilton. The accounting used for fiduciary funds is much like that used for governmental funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be referred to as identified in the table of contents.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Chilton. Required supplementary information can be referred to as identified in the table of contents.

City of Chilton

Net Position

Figure 2

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 7,196	\$ 10,336	\$ 5,126	\$ 5,641	\$ 12,322	\$ 15,977
Capital assets	<u>18,058</u>	<u>18,506</u>	<u>9,323</u>	<u>9,292</u>	<u>27,381</u>	<u>27,798</u>
Total assets	<u>25,254</u>	<u>28,843</u>	<u>14,449</u>	<u>14,934</u>	<u>39,703</u>	<u>43,777</u>
Deferred outflows of resources	<u>186</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>245</u>	<u>-</u>
Long-term liabilities outstanding	2,327	2,976	2,554	2,864	4,881	5,840
Other liabilities	<u>156</u>	<u>3,932</u>	<u>113</u>	<u>50</u>	<u>269</u>	<u>3,982</u>
Total liabilities	<u>2,482</u>	<u>6,908</u>	<u>2,667</u>	<u>2,914</u>	<u>5,149</u>	<u>9,822</u>
Deferred inflows of resources	<u>2,300</u>	<u>2,277</u>	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>2,277</u>
Net position:						
Net investment in capital assets	15,893	15,681	6,769	6,429	22,662	22,110
Restricted	856	599	816	762	1,672	1,361
Unrestricted	<u>3,909</u>	<u>3,378</u>	<u>4,256</u>	<u>4,829</u>	<u>8,165</u>	<u>8,207</u>
Total net position	<u>\$ 20,658</u>	<u>\$ 19,658</u>	<u>\$ 11,841</u>	<u>\$ 12,020</u>	<u>\$ 32,499</u>	<u>\$ 31,678</u>

Note - totals may not add due to rounding.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Chilton exceeded liabilities by \$32,499,358 as of December 31, 2015. The City's net position increased by \$351,359 for the fiscal year ended December 31, 2015. However, the largest portion (70%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items.

The City of Chilton uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Chilton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Chilton's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,164,709 is unrestricted.

City of Chilton
Changes in Net Position

Figure 3
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 425	\$ 447	\$ 1,743	\$ 1,770	\$ 2,168	\$ 2,217
Operating grants and contributions	497	437	-	-	497	437
Capital grants and contributions	-	-	7	3	7	3
General revenues:						
Property taxes	2,111	2,092	-	-	2,111	2,092
Other taxes	11	9	-	-	11	9
Intergovernmental revenues not restricted to specific programs	519	519	-	-	519	519
Interest and investment income	34	39	8	6	42	45
Miscellaneous	137	105	-	-	137	105
Total revenues	<u>3,735</u>	<u>3,650</u>	<u>1,758</u>	<u>1,779</u>	<u>5,493</u>	<u>5,429</u>
Expenses:						
General government	237	314	-	-	237	314
Public safety	1,115	1,116	-	-	1,115	1,116
Public works	1,195	1,343	-	-	1,195	1,343
Health and human services	28	21	-	-	28	21
Culture, recreation and education	409	448	-	-	409	448
Conservation and development	167	140	-	-	167	140
Interest and fiscal charges	57	70	-	-	57	70
Water and sewer	-	-	1,933	1,729	1,933	1,729
Total expenses	<u>3,208</u>	<u>3,452</u>	<u>1,933</u>	<u>1,729</u>	<u>5,142</u>	<u>5,181</u>
Income (loss) before transfers	527	198	(175)	50	352	248
Transfers	<u>119</u>	<u>108</u>	<u>(119)</u>	<u>(108)</u>	<u>-</u>	<u>-</u>
Change in net position	646	306	(294)	(58)	351	248
Net position - beginning of year	19,658	18,959	12,020	12,078	31,678	31,037
Prior period adjustment	-	394	-	-	-	394
Change in accounting principle	354	-	116	-	470	-
Net position - end of year	<u>\$ 20,658</u>	<u>\$ 19,658</u>	<u>\$ 11,841</u>	<u>\$ 12,021</u>	<u>\$ 32,499</u>	<u>\$ 31,678</u>

Note - totals may not add due to rounding.

Governmental activities:

Governmental activities increased the City's net position by \$645,856.

Business-type activities:

Business-type activities decreased the City's net position by \$294,497.

Financial Analysis of the City's Funds

As noted earlier, the City of Chilton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Chilton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Chilton's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Chilton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$126,205, while total fund balance reached \$1,847,949. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5 percent of total general fund expenditures, while total fund balance represents 70 percent of that same amount.

At December 31, 2015, the governmental funds of City of Chilton reported a combined fund balance of \$3,588,881, a 14 percent increase from last year. Included in this change in fund balance are decreases in fund balance in the community rehabilitation fund and increases in general, TID No. 2, TID No. 4, and other nonmajor governmental funds.

General Fund Budgetary Highlights: The City revised the budget during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts primarily because of licenses and permits. Original budget expenditures were increased to cover additional expense in the following general fund functions: general government, public safety, public works, health and human services, culture, recreation and education and conservation and development.

Proprietary Funds: The City of Chilton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the water and sewer utility at the end of the fiscal year amounted to \$4,256,014. The total loss in net position was \$294,497.

Capital Asset and Debt Administration

Capital assets: The City of Chilton's investment in capital assets for its governmental and business-type activities as of December 31, 2015, totals \$27,381,026 (net of accumulated depreciation). These assets include land, construction in progress, land improvements, buildings, equipment and systems and infrastructure.

Major capital asset transactions during the year include the following additions and disposals:

- Additions of \$46,979 of land improvements, \$228,391 of equipment, and \$15,000 of buildings and improvements in governmental-type activities.
- Equipment disposals of \$96,000 in governmental-type activities.
- Additions of \$572,924 of construction in progress, \$30,605 of land, \$306,889 of buildings, and \$865,867 of equipment and systems in business-type activities.
- Equipment disposals of \$15,920 in business-type activities and completion of \$1,140,981 of construction in progress.

City of Chilton's Capital Assets

Figure 4

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,708	\$ 5,708	\$ 130	\$ 99	\$ 5,837	\$ 5,807
Construction in progress	-	-	-	568	-	568
Land improvements	1,115	1,068	-	-	1,115	1,068
Buildings	4,828	4,813	5,769	5,462	10,597	10,275
Equipment and systems	5,468	5,336	13,251	12,401	18,719	17,737
Infrastructure	15,538	15,538	-	-	15,538	15,538
Less: Accumulated depreciation	(14,598)	(13,956)	(9,827)	(9,238)	(24,425)	(23,194)
Total	<u>\$ 18,058</u>	<u>\$ 18,506</u>	<u>\$ 9,323</u>	<u>\$ 9,292</u>	<u>\$ 27,381</u>	<u>\$ 27,799</u>

Note - totals may not add due to rounding.

Additional information on the City's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-Term Obligations: As of December 31, 2015, the City of Chilton had total long-term obligations outstanding of \$4,880,092. Of this, \$2,165,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents mortgage revenue bonds secured solely by specified revenue sources and employee benefits.

City of Chilton's Long-Term Obligations

Figure 5

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds/notes	\$ 2,165	\$ 2,825	\$ -	\$ -	\$ 2,165	\$ 2,825
Mortgage revenue bonds	-	-	2,554	2,864	2,554	2,864
Other long-term obligations	162	151	-	-	162	151
Total	<u>\$ 2,327</u>	<u>\$ 2,976</u>	<u>\$ 2,554</u>	<u>\$ 2,864</u>	<u>\$ 4,880</u>	<u>\$ 5,840</u>

Note - totals may not add due to rounding.

The City of Chilton's total debt decreased by \$959,568 or 16% during the past fiscal year, primarily due to principal payments.

The State of Wisconsin statutes limit the amount of general obligation debt that a unit of government can issue to 5 percent of the total equalized value of taxable property located within that government's boundaries. The legal debt limit for City of Chilton is \$12,026,575.

Additional information regarding the City of Chilton's long-term debt can be found in Note 5.

Factors Bearing on the City's Future

The economic condition and outlook of the City has remained very stable based on a relatively healthy mix of manufacturing, tourism, service industry, and retail activities which support our tax base.

Those factors were considered in preparing the City's budget for the 2016 fiscal year.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Clerk-Treasurer, City of Chilton, 42 School Street, Chilton, Wisconsin 53014.

CITY OF CHILTON, WISCONSIN
BASIC
FINANCIAL STATEMENTS

CITY OF CHILTON, WISCONSIN

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF CHILTON, WISCONSIN

STATEMENT OF NET POSITION

DECEMBER 31, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2014)

	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES	2015	2014
ASSETS				
Cash and investments	\$ 3,853,679	\$ 3,407,304	\$ 7,260,983	\$ 8,867,211
Receivables				
Taxes	1,717,717	-	1,717,717	3,942,206
Accounts and other	4,018	371,069	375,087	392,256
Special assessments	7,442	-	7,442	8,894
Loans	1,487,180	375,000	1,862,180	1,987,439
Internal balances	(48,876)	48,876	-	-
Inventories	-	19,966	19,966	18,158
Wisconsin Retirement System net pension	175,098	55,759	230,857	-
Restricted assets				
Cash and investments	-	848,357	848,357	761,554
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	5,707,525	129,617	5,837,142	6,374,594
Capital assets being depreciated	12,350,600	9,193,284	21,543,884	21,424,206
TOTAL ASSETS	<u>25,254,383</u>	<u>14,449,232</u>	<u>39,703,615</u>	<u>43,776,518</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	<u>186,158</u>	<u>59,282</u>	<u>245,440</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>25,440,541</u>	<u>14,508,514</u>	<u>39,949,055</u>	<u>43,776,518</u>
LIABILITIES				
Accounts payable	120,123	100,584	220,707	108,976
Accrued liabilities				
Payroll	17,690	-	17,690	18,359
Interest	15,859	-	15,859	19,268
Due to other governments	-	-	-	3,817,482
Deposit payable	2,000	-	2,000	4,000
Unearned revenue - other	-	1,484	1,484	1,484
Current portion of long-term obligations	881,523	-	881,523	810,961
Payable from restricted assets				
Accrued revenue bond interest	-	11,413	11,413	12,789
Current portion of long-term obligations	-	318,385	318,385	310,131
Noncurrent portion of long-term obligations	1,445,000	2,235,184	3,680,184	4,718,568
TOTAL LIABILITIES	<u>2,482,195</u>	<u>2,667,050</u>	<u>5,149,245</u>	<u>9,822,018</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - tax roll	<u>2,300,452</u>	<u>-</u>	<u>2,300,452</u>	<u>2,276,505</u>
NET POSITION				
Net investment in capital assets	15,893,125	6,769,332	22,662,457	22,110,101
Restricted for				
Special revenue	82,680	-	82,680	86,677
Capital projects	773,394	-	773,394	512,304
Other activities	-	816,118	816,118	761,554
Unrestricted	3,908,695	4,256,014	8,164,709	8,207,359
TOTAL NET POSITION	<u>20,657,894</u>	<u>11,841,464</u>	<u>32,499,358</u>	<u>31,677,995</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 25,440,541</u>	<u>\$ 14,508,514</u>	<u>\$ 39,949,055</u>	<u>\$ 43,776,518</u>

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		TOTALS	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2015	2014
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 237,424	\$ 99,457	\$ -	\$ -	\$ (137,967)	\$ (137,967)	\$ (227,553)	
Public safety	1,115,176	99,156	63,271	-	(952,749)	(952,749)	(948,138)	
Public works	1,194,787	196,071	245,879	-	(752,837)	(752,837)	(904,885)	
Health and human services	28,091	11,595	-	-	(16,496)	(16,496)	(15,708)	
Culture, recreation and education	409,339	17,427	186,389	-	(205,523)	(205,523)	(263,807)	
Conservation and development	166,869	1,154	1,901	-	(163,814)	(163,814)	(137,050)	
Interest and fiscal charges	56,769	-	-	-	(56,769)	(56,769)	(70,176)	
TOTAL GOVERNMENTAL ACTIVITIES	3,208,455	424,860	497,440	-	(2,286,155)	(2,286,155)	(2,567,317)	
BUSINESS-TYPE ACTIVITIES								
Water	968,251	798,795	-	3,500	\$ (165,956)	(165,956)	124,059	
Sewer	964,903	943,795	-	3,500	(17,608)	(17,608)	(80,248)	
TOTAL BUSINESS-TYPE ACTIVITIES	1,933,154	1,742,590	-	7,000	(183,564)	(183,564)	43,811	
TOTAL PRIMARY GOVERNMENT	\$ 5,141,609	\$ 2,167,450	\$ 497,440	\$ 7,000	(2,286,155)	(183,564)	(2,469,719)	(2,523,506)
General revenues								
Taxes								
Property taxes					2,111,239	-	2,111,239	2,092,409
Other taxes					11,213	-	11,213	8,973
Intergovernmental revenues not restricted to specific programs					519,489	-	519,489	519,344
Interest and investment income					34,047	7,995	42,042	44,898
Miscellaneous					137,095	-	137,095	105,488
Transfers					118,928	(118,928)	-	-
Total general revenues					2,932,011	(110,933)	2,821,078	2,771,112
CHANGE IN NET POSITION					645,856	(294,497)	351,359	247,606
NET POSITION - BEGINNING OF YEAR					19,658,400	12,019,595	31,677,995	31,036,777
PRIOR PERIOD ADJUSTMENT					-	-	-	393,612
CHANGE IN ACCOUNTING PRINCIPLE					353,638	116,366	470,004	-
NET POSITION - END OF YEAR					\$ 20,657,894	\$ 11,841,464	\$ 32,499,358	\$ 31,677,995

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN

**FUND
FINANCIAL STATEMENTS**

CITY OF CHILTON, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2014)

	GENERAL	COMMUNITY	TID	TID	DEBT	TOTAL	TOTAL	
	FUND	REHABILITATION	NO. 2	NO. 4	SERVICE	NONMAJOR	GOVERNMENTAL	
						FUNDS	FUNDS	
							2015	2014
ASSETS								
Cash and investments	\$2,542,842	\$ 82,758	\$ 291,630	\$ 123,972	\$ -	\$ 812,477	\$ 3,853,679	\$ 4,878,323
Receivables								
Taxes	824,411	-	829,286	49,020	-	15,000	1,717,717	3,942,206
Accounts and other	4,018	-	-	-	-	-	4,018	2,351
Special assessments	7,442	-	-	-	-	-	7,442	8,894
Loan	68,556	646,818	-	750,537	-	21,269	1,487,180	1,549,939
TOTAL ASSETS	3,447,269	729,576	1,120,916	923,529	-	848,746	7,070,036	10,381,713
LIABILITIES								
Accounts payable	119,681	78	289	-	-	75	120,123	72,997
Accrued expenses								
Payroll	17,690	-	-	-	-	-	17,690	18,359
Due to other funds	48,876	-	-	-	-	-	48,876	45,220
Due to other governments	-	-	-	-	-	-	-	3,817,482
Deposit payable	2,000	-	-	-	-	-	2,000	4,000
Unearned revenue - other	-	646,818	-	320,000	-	21,269	988,087	994,562
TOTAL LIABILITIES	188,247	646,896	289	320,000	-	21,344	1,176,776	4,952,620
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	1,407,146	-	829,286	49,020	-	15,000	2,300,452	2,276,505
Unavailable revenue - special assessments	3,927	-	-	-	-	-	3,927	5,379
TOTAL DEFERRED INFLOWS OF RESOURCES	1,411,073	-	829,286	49,020	-	15,000	2,304,379	2,281,884
FUND BALANCES								
Nonspendable	68,556	-	-	430,537	-	-	499,093	555,377
Restricted	-	82,680	291,341	123,972	-	358,081	856,074	598,981
Committed	1,653,188	-	-	-	-	454,321	2,107,509	1,896,229
Unassigned	126,205	-	-	-	-	-	126,205	96,622
TOTAL FUND BALANCES	1,847,949	82,680	291,341	554,509	-	812,402	3,588,881	3,147,209
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$3,447,269	\$ 729,576	\$1,120,916	\$ 923,529	\$ -	\$ 848,746		
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						\$ 32,656,450		
Governmental accumulated depreciation						(14,598,325)	18,058,125	18,506,479
Some revenues are unearned in the funds because they are not available to pay current period's expenditures:								
Special assessments to be collected after year end						3,927		
Other unearned revenue to be collected after year end						988,087	992,014	999,941
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.								
							361,256	-
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						(2,165,000)		
Accrued interest						(15,859)		
Vested employee benefits						(161,523)	(2,342,382)	(2,995,229)
Total net position - governmental activities							\$ 20,657,894	\$ 19,658,400

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

	GENERAL FUND	COMMUNITY REHABILITATION	TID NO. 2	TID NO. 4	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
							2015	2014
REVENUES								
Taxes	\$ 1,196,729	\$ -	\$ 856,870	\$ 53,853	\$ -	\$ 15,000	\$ 2,122,452	\$ 2,101,382
Special assessment	1,452	-	-	-	-	-	1,452	3,773
Intergovernmental	871,348	-	1,606	218	-	77	873,249	877,231
Licenses and permits	93,870	-	-	-	-	-	93,870	80,526
Fines, forfeits and penalties	14,032	-	-	-	-	-	14,032	18,986
Public charges for services	218,223	-	-	-	-	-	218,223	234,799
Intergovernmental charges for services	95,529	-	-	-	-	-	95,529	109,147
Miscellaneous	63,090	42,426	530	1,812	-	143,300	251,158	194,324
TOTAL REVENUES	2,554,273	42,426	859,006	55,883	-	158,377	3,669,965	3,620,168
EXPENDITURES								
Current								
General government	182,834	-	-	-	-	-	182,834	261,024
Public safety	961,275	-	-	-	-	45,289	1,006,564	1,024,839
Public works	683,408	-	-	-	-	-	683,408	961,401
Health and human services	27,470	-	-	-	-	-	27,470	20,536
Culture, recreation and education	352,124	-	-	-	-	2,858	354,982	516,768
Conservation and development	5,891	46,423	63,285	74,785	-	15,181	205,565	194,997
Debt service								
Principal	127,383	-	-	-	532,617	-	660,000	665,000
Interest	2,420	-	-	-	57,653	-	60,073	72,225
Other	-	-	-	-	105	-	105	-
Capital outlay	278,970	-	-	-	-	-	278,970	10,080
TOTAL EXPENDITURES	2,621,775	46,423	63,285	74,785	590,375	63,328	3,459,971	3,726,870
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,502)	(3,997)	795,721	(18,902)	(590,375)	95,049	209,994	(106,702)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	118,928	-	-	239,000	590,375	53,500	1,001,803	700,318
Operating transfers (out)	(53,500)	-	(609,396)	(219,979)	-	-	(882,875)	(592,660)
Sale of capital assets	90,000	-	22,750	-	-	-	112,750	49,338
TOTAL OTHER FINANCING SOURCES (USES)	155,428	-	(586,646)	19,021	590,375	53,500	231,678	156,996
NET CHANGE IN FUND BALANCE	87,926	(3,997)	209,075	119	-	148,549	441,672	50,294
FUND BALANCE - BEGINNING OF YEAR	1,760,023	86,677	82,266	554,390	-	663,853	3,147,209	3,023,303
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	73,612
FUND BALANCE - END OF YEAR	\$ 1,847,949	\$ 82,680	\$ 291,341	\$ 554,509	\$ -	\$ 812,402	\$ 3,588,881	\$ 3,147,209

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2015
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

	TOTAL GOVERNMENTAL FUNDS	
	2015	2014
Net change in fund balances - total governmental funds	\$ 441,672	\$ 50,294
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 278,970	
Capital outlay reported as other expenses in governmental fund statements	11,400	
Depreciation expense reported in the statement of activities	(738,724)	
Amount by which capital outlays are less than depreciation in the current period:	(448,354)	(474,043)
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 increased by:		
	(10,562)	20,118
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:		
Special assessment revenue recognized in the governmental funds	(45,880)	(3,998)
Other unearned revenue recognized in the statement of activities	39,405	54,396
Other unearned revenue recognized in the governmental funds	(1,452)	(7,908)
Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources changes:	7,618	-
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:	660,000	665,000
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	\$ 60,178	
The amount of interest and other debt costs accrued during the current period	(56,769)	
Interest paid is greater than interest accrued by:	3,409	2,049
Change in net position - governmental activities	\$ 645,856	\$ 305,908

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2014)

	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>2015</u>	<u>2014</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 368,591	\$ 2,177,667	\$ 2,546,258	\$ 3,131,065
Investments	-	861,046	861,046	857,823
Accounts receivable				
Customer	152,340	218,729	371,069	389,903
Loans	-	375,000	375,000	437,500
Due from other funds	42,638	6,238	48,876	45,220
Inventories	19,966	-	19,966	18,158
Wisconsin Retirement System net pension	30,221	25,538	55,759	-
RESTRICTED ASSETS				
Cash and investments	-	848,357	848,357	761,554
TOTAL CURRENT ASSETS	<u>613,756</u>	<u>4,512,575</u>	<u>5,126,331</u>	<u>5,641,223</u>
NONCURRENT ASSETS				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	98,848	30,769	129,617	667,069
Capital assets being depreciated	4,818,865	4,374,419	9,193,284	8,625,252
NET CAPITAL ASSETS	<u>4,917,713</u>	<u>4,405,188</u>	<u>9,322,901</u>	<u>9,292,321</u>
TOTAL NONCURRENT ASSETS	<u>4,917,713</u>	<u>4,405,188</u>	<u>9,322,901</u>	<u>9,292,321</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	<u>32,130</u>	<u>27,152</u>	<u>59,282</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,563,599</u>	<u>8,944,915</u>	<u>14,508,514</u>	<u>14,933,544</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	84,013	16,571	100,584	35,977
Accrued liabilities				
Unearned revenue - other	1,484	-	1,484	1,484
PAYABLE FROM RESTRICTED ASSETS				
Accrued interest	-	11,413	11,413	12,789
Current portion of long-term obligations	-	318,385	318,385	310,131
TOTAL CURRENT LIABILITIES	<u>85,497</u>	<u>346,369</u>	<u>431,866</u>	<u>360,381</u>
NONCURRENT LIABILITIES				
Long-term obligations	-	2,235,184	2,235,184	2,553,568
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>2,235,184</u>	<u>2,235,184</u>	<u>2,553,568</u>
TOTAL LIABILITIES	<u>85,497</u>	<u>2,581,553</u>	<u>2,667,050</u>	<u>2,913,949</u>
NET POSITION				
Net investment in capital assets	4,917,713	1,851,619	6,769,332	6,428,622
Restricted for other	-	816,118	816,118	761,554
Unrestricted	560,389	3,695,625	4,256,014	4,829,419
TOTAL NET POSITION	<u>5,478,102</u>	<u>6,363,362</u>	<u>11,841,464</u>	<u>12,019,595</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,563,599</u>	<u>\$ 8,944,915</u>	<u>\$ 14,508,514</u>	<u>\$ 14,933,544</u>

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

	WATER	SEWER	TOTALS	
			2015	2014
OPERATING REVENUES				
General customers	\$ 585,815	\$ 856,346	\$ 1,442,161	\$ 1,485,666
Private fire protection	22,486	-	22,486	21,910
Public fire protection	177,726	-	177,726	172,890
Forfeited discounts	1,154	1,455	2,609	2,196
Other revenues	11,614	74,168	85,782	74,108
TOTAL OPERATING REVENUES	798,795	931,969	1,730,764	1,756,770
OPERATING EXPENSES				
Plant and maintenance expenses:				
Salaries and wages	163,614	129,865	293,479	301,580
Power	45,067	60,169	105,236	102,878
Chemicals	80,334	17,154	97,488	106,548
Supplies and expenses	7,545	77,385	84,930	97,664
Repairs and maintenance	345,126	40,518	385,644	129,738
TOTAL PLANT AND MAINTENANCE EXPENSES	641,686	325,091	966,777	738,408
General expenses:				
Administrative and general salaries	25,297	23,935	49,232	44,231
Office supplies and other expenses	4,122	4,294	8,416	9,394
Outside services employed	4,812	4,446	9,258	15,062
Insurance expense	4,232	15,430	19,662	12,715
Employee benefits	91,938	81,756	173,694	196,878
Regulatory commission	272	1,253	1,525	1,048
Miscellaneous general expenses	2,504	4,965	7,469	6,803
Transportation	3,199	2,822	6,021	7,629
TOTAL GENERAL EXPENSES	136,376	138,901	275,277	293,760
Depreciation	175,051	429,683	604,734	586,748
Taxes	15,138	-	15,138	14,709
TOTAL OPERATING EXPENSES	968,251	893,675	1,861,926	1,633,625
OPERATING (LOSS) INCOME	(169,456)	38,294	(131,162)	123,145
NONOPERATING REVENUES (EXPENSES)				
Interest income	285	7,710	7,995	5,545
Miscellaneous revenue	-	11,826	11,826	13,515
Interest expense	-	(71,228)	(71,228)	(95,649)
TOTAL NONOPERATING REVENUES (EXPENSES)	285	(51,692)	(51,407)	(76,589)
(LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(169,171)	(13,398)	(182,569)	46,556
OPERATING TRANSFER IN (OUT)	(117,029)	(1,899)	(118,928)	(107,658)
CAPITAL CONTRIBUTIONS	3,500	3,500	7,000	2,800
CHANGE IN NET POSITION	(282,700)	(11,797)	(294,497)	(58,302)
NET POSITION - BEGINNING OF YEAR	5,698,229	6,321,366	12,019,595	12,077,897
CHANGE IN ACCOUNTING PRINCIPLE	62,573	53,793	116,366	-
NET POSITION - END OF YEAR	\$ 5,478,102	\$ 6,363,362	\$ 11,841,464	\$ 12,019,595

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

			TOTALS	
	WATER	SEWER	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 619,201	\$ 1,026,999	\$ 1,646,200	\$ 1,642,386
Receipts from municipality	175,466	(1,396)	174,070	176,109
Payments to suppliers for goods and services	(383,813)	(177,809)	(561,622)	(482,271)
Payments for employees wages and benefits	(343,200)	(288,246)	(631,446)	(542,689)
Net cash provided by operating activities	<u>67,654</u>	<u>559,548</u>	<u>627,202</u>	<u>793,535</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to governmental funds	<u>(117,029)</u>	<u>(1,899)</u>	<u>(118,928)</u>	<u>(107,658)</u>
Net cash (used in) noncapital financing activities	<u>(117,029)</u>	<u>(1,899)</u>	<u>(118,928)</u>	<u>(107,658)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment	(595,940)	(39,374)	(635,314)	(582,125)
Sale of capital assets	-	-	-	15,500
Retirement of long-term debt	-	(310,130)	(310,130)	(563,684)
Interest paid	-	(72,604)	(72,604)	(83,845)
Contributed capital	3,500	3,500	7,000	2,800
Net cash (used in) capital and related financing activities	<u>(592,440)</u>	<u>(418,608)</u>	<u>(1,011,048)</u>	<u>(1,211,354)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>286</u>	<u>7,707</u>	<u>7,993</u>	<u>5,545</u>
Net cash provided by investing activities	<u>286</u>	<u>7,707</u>	<u>7,993</u>	<u>5,545</u>
Net change in cash and cash equivalents	(641,529)	146,748	(494,781)	(519,932)
Cash and cash equivalents - beginning of year	<u>1,010,120</u>	<u>3,740,322</u>	<u>4,750,442</u>	<u>5,270,374</u>
Cash and cash equivalents - end of year	<u>368,591</u>	<u>3,887,070</u>	<u>4,255,661</u>	<u>4,750,442</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating (loss) income	(169,456)	38,294	(131,162)	123,145
Miscellaneous revenue	-	11,826	11,826	13,515
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	175,051	429,683	604,734	586,748
Changes in assets and liabilities				
(Increase) decrease in receivables - customers	(1,868)	20,704	18,836	(17,509)
(Increase) decrease in receivables - other	-	62,500	62,500	62,500
(Increase) decrease in due from other funds	(2,260)	(1,396)	(3,656)	3,219
(Increase) decrease in inventories	(1,808)	-	(1,808)	1,871
(Increase) decrease in Wisconsin Retirement System net pension	19,475	16,458	35,933	-
(Increase) decrease in deferred outflows - WRS pension	(19,253)	(15,355)	(34,608)	-
Increase (decrease) in accounts payable	67,773	(3,166)	64,607	20,046
Total adjustments	<u>237,110</u>	<u>509,428</u>	<u>746,538</u>	<u>656,875</u>
Net cash provided by operating activities	<u>67,654</u>	<u>559,548</u>	<u>627,202</u>	<u>793,535</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash	368,591	2,177,667	2,546,258	3,131,065
Investments	-	861,046	861,046	857,823
Restricted cash and investments	-	848,357	848,357	761,554
Total cash and cash equivalents	<u>\$ 368,591</u>	<u>\$ 3,887,070</u>	<u>\$ 4,255,661</u>	<u>\$ 4,750,442</u>

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN

STATEMENT OF NET POSITION

FIDUCIARY FUND

DECEMBER 31, 2015

	<u>AGENCY FUND</u>
	<u>PROPERTY TAX</u>
ASSETS	
Cash and investments	\$ 1,548,038
Taxes receivable	<u>2,153,206</u>
TOTAL ASSETS	<u>3,701,244</u>
LIABILITIES	
Due to other governments	<u>3,701,244</u>
TOTAL LIABILITIES	<u>\$ 3,701,244</u>

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Chilton, Wisconsin (the "City") 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 City are described below.

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

The City'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 City 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 City's financial accountability for a legally separate organization: the City 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 City. The City may be financially accountable if an organization is fiscally dependent on the City 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 and internal service funds, while business-type activities incorporate data from the government's proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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 City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

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

The City 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 City's primary operating fund.

Community Rehabilitation 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 other than debt service or capital projects.

TID No. 2 - 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.

TID No. 4 - 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.

The City reports the following major proprietary funds:

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the City reports the following fund type:

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

Agency Fund - Tax Agency - is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type 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.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The 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 water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents - Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less.

Accounts Receivable - Accounts receivable have been adjusted for all known 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. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer utility has the right to place delinquent bills on the tax roll.

Due To/From Advance 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. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventories - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Cash and Investments - Certain resources set aside for revenue bonds repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond redemption" account is used to segregate resources accumulated for debt service payments over the next twelve months.

Other restricted cash and investments include a "DNR Replacement Fund" which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the sewer utility plant.

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 estimated useful life in excess of five years and an initial cost of more than \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

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

Land improvements	20 - 50 years
Buildings	20 - 50 years
Equipment	5 - 20 years
Infrastructure	25 - 100 years

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

The range of estimated useful lives by type of asset for business-type activities is as follows:

Buildings	25 - 50 years
Equipment	3 - 10 years

Compensated Absences - The City's policy permits employees to accumulate earned, but unused sick leave, which is eligible for fifty percent payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

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, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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 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 (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the Wisconsin Retirement System pension. The Wisconsin Retirement System pension results from changes in the pension plan.

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 (revenue) until then. The City has one type, unavailable revenue, which arises under a modified accrual basis of accounting that qualify for reporting in this category. The unavailable revenue is reported in the statement of net position and governmental funds balance sheet. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Fund Balance Classifications - The City 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 City itself, using its highest level of decision making authority - City Council 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 City Council has not delegated the authority to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

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

Summarized Comparative Information - The basic financial statement include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly such information should be read in conjunction with the government's financials statements for the year ended December 31, 2014, from which the summarized information was derived.

Changes in Accounting Principles - The City has implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* in 2015.

NOTE 2 - Cash and Investments

State statutes permit the City 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, 2015, the City had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
State of Wisconsin Investment Pool	Less than one year	\$ <u>485,919</u>

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Cash and Investments - Continued

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At December 31, 2015, the fair value of the City's deposits and investments approximated original cost; therefore no fair value adjustments were necessary.

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2015, the Pool's fair value was 100 percent of book value.

Determining Fair Value - Fair value of the City's deposits and investments are determined as follows:

- 1) Deposits and investments with stated interest rates (savings account and certificate of deposits) are stated at cost.
- 2) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations.

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 City does have a formal investment policy that does not further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has an investment policy that does not further limit its investment choices. The State of Wisconsin Investment Pool is not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City 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, 2015, \$2,703,459 of the City's bank balance of \$9,195,462 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government securities held by the bank in the bank's name. \$1,431,634 was uninsured and uncollateralized. The uninsured deposits are due to advance tax collections that will be remitted to other local governments in January 2016.

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.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Property Taxes - Continued

The City 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 City. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Agency Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2015 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, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,707,525	\$ -	\$ -	\$ 5,707,525
Capital assets being depreciated:				
Land improvements	1,067,939	46,979	-	1,114,918
Buildings and improvements	4,812,875	15,000	-	4,827,875
Equipment	5,335,520	228,391	(96,000)	5,467,911
Infrastructure	<u>15,538,221</u>	<u>-</u>	<u>-</u>	<u>15,538,221</u>
Total capital assets being depreciated	<u>26,754,555</u>	<u>290,370</u>	<u>(96,000)</u>	<u>26,948,925</u>
Less accumulated depreciation for:				
Land improvements	(75,823)	(15,552)	-	(91,375)
Buildings and improvements	(2,339,113)	(106,882)	-	(2,445,995)
Equipment	(3,899,748)	(163,364)	96,000	(3,967,112)
Infrastructure	<u>(7,640,917)</u>	<u>(452,926)</u>	<u>-</u>	<u>(8,093,843)</u>
Total accumulated depreciation	<u>(13,955,601)</u>	<u>(738,724)</u>	<u>96,000</u>	<u>(14,598,325)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>12,798,954</u>	<u>(448,354)</u>	<u>-</u>	<u>12,350,600</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 18,506,479</u>	<u>\$ (448,354)</u>	<u>\$ -</u>	<u>\$ 18,058,125</u>

Infrastructure information prior to January 1, 2004 is not included in the above amount.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 4 - Capital Assets - Continued

Depreciation expense was charged to governmental functions as follows:

General government	\$ 54,310
Public safety	115,539
Public works	510,142
Health and human services	499
Culture, recreation and education	<u>58,234</u>
Total	<u>\$ 738,724</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 99,012	\$ 30,605	\$ -	\$ 129,617
Construction in progress	<u>568,057</u>	<u>572,924</u>	<u>(1,140,981)</u>	<u>-</u>
Total capital assets not being depreciated	<u>667,069</u>	<u>603,529</u>	<u>(1,140,981)</u>	<u>129,617</u>
Capital assets being depreciated:				
Buildings	5,462,290	306,899	-	5,769,189
Equipment and systems	<u>12,401,155</u>	<u>865,867</u>	<u>(15,920)</u>	<u>13,251,102</u>
Total capital assets being depreciated	<u>17,863,445</u>	<u>1,172,766</u>	<u>(15,920)</u>	<u>19,020,291</u>
Less accumulated depreciation for:				
Buildings	(3,016,007)	(206,419)	-	(3,222,426)
Equipment and systems	<u>(6,222,186)</u>	<u>(398,315)</u>	<u>15,920</u>	<u>(6,604,581)</u>
Total accumulated depreciation	<u>(9,238,193)</u>	<u>(604,734)</u>	<u>15,920</u>	<u>(9,827,007)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>8,625,252</u>	<u>568,032</u>	<u>-</u>	<u>9,193,284</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 9,292,321</u>	<u>\$ 1,171,561</u>	<u>\$ (1,140,981)</u>	<u>\$ 9,322,901</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 175,051
Sewer	<u>429,683</u>
Total	<u>\$ 604,734</u>

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 5 - Long-Term Obligations

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable	\$ 1,285,000	\$ -	\$ (360,000)	\$ 925,000	\$ 460,000
Notes payable	1,540,000	-	(300,000)	1,240,000	260,000
Vested sick pay	150,961	161,523	(150,961)	161,523	161,523
Total	<u>\$ 2,975,961</u>	<u>\$ 161,523</u>	<u>\$ (810,961)</u>	<u>\$ 2,326,523</u>	<u>\$ 881,523</u>
Business-Type Activities					
Mortgage revenue bonds - sewer	<u>\$ 2,863,699</u>	<u>\$ -</u>	<u>\$ (310,130)</u>	<u>\$ 2,553,569</u>	<u>\$ 318,385</u>

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$56,664 for governmental activities and \$71,228 for business-type activities. Total interest paid during the year aggregated \$60,073 for governmental activities and \$72,604 for business-type activities. Zero interest was capitalized in governmental-type and business-type capital assets.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2015 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Notes	3/19/09	3.2-3.7%	3/1/19	\$ 1,240,000
Refunding bonds	10/22/13	.5-1.05%	11/1/17	925,000
Total				<u>\$ 2,165,000</u>

Proprietary fund debt is expected to be repaid with water and sewer utility revenue. Proprietary fund debt at December 31, 2015, is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Mortgage revenue bonds-sewer	6/23/99	2.64%	5/1/19	\$ 867,173
Mortgage revenue bonds-sewer	6/11/08	2.703%	5/1/28	1,686,396
Total				<u>\$ 2,553,569</u>

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 5 - Long-Term Obligations - Continued

General Obligation Debt Limit Calculation - The 2015 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$240,531,500. The legal debt limit and margin of indebtedness as of December 31, 2015, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

Debt limit (5% of \$240,531,500)	\$ 12,026,575
Applicable long-term debt	(2,165,000)
Amount available in debt service	-
Margin of indebtedness	<u>\$ 9,861,575</u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 720,000	\$ 47,583	\$ 318,385	\$ 64,239
2017	745,000	35,213	326,860	55,652
2018	330,000	19,630	335,560	46,836
2019	370,000	6,845	344,492	37,785
2020	-	-	122,374	31,546
2021-2025	-	-	663,312	105,595
2026-2028	-	-	442,586	18,157
	<u>\$ 2,165,000</u>	<u>\$ 109,271</u>	<u>\$ 2,553,569</u>	<u>\$ 359,810</u>

Bond Compliance Requirements - The 1999 and 2008 revenue bonds ordinances require segregation of the proceeds of the bond issues and creation and continual funding of redemption funds. The City is in compliance with these ordinances.

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.

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.

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 6 - Wisconsin Retirement System - Continued

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$90,376 in contributions from the employer.

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 6 - Wisconsin Retirement System - Continued

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the City reported a liability (asset) of (\$230,857) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City's proportion was 0.00939866%, which was a decrease of 0.00023047% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$92,010.

At December 31, 2015, the City 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	\$ 33,467	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	111,792	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,214	-
Employer contributions subsequent to the measurement date	93,967	-
Total	\$ 245,440	\$ -

\$93,967 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

CITY OF CHILTON, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 6 - Wisconsin Retirement System - Continued

Year Ending December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 29,726	\$ -
2017	29,725	-
2018	29,726	-
2019	29,725	-
2020	29,726	-
Thereafter	\$ 2,845	\$ -

Actuarial Assumptions - The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

** No Post-Retirement Adjustment is Guaranteed - Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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:

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 6 - Wisconsin Retirement System - Continued

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected 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 City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City'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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 651,287	\$ (230,857)	\$ (927,538)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan - The City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 7 - Interfund Balance and Activity

Interfund receivable and payable balances on December 31, 2015, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General	\$ 42,638
Sewer Utility	General	6,238
		<u>\$ 48,876</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental and business activities are netted and eliminated.

Interfund transfers at December 31, 2015 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Water Utility	\$ 117,029
General	Sewer Utility	1,899
Fire Department Donations	General	3,500
TID No. 4	TID No. 2	239,000
Debt Service	TID No. 2	370,396
Debt Service	TID No. 4	219,979
Economic Development	General	50,000
		<u>\$ 1,001,803</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>
General		
Nonspendable	Loans	\$ 68,556
Committed	Specific expenses	\$ 1,653,188
Community Rehabilitation		
Restricted	Specific expenses	\$ 82,680
TID No. 2		
Restricted	Specific expenses	\$ 291,341
TID No. 4		
Nonspendable	Loans	\$ 430,537
Restricted	Specific expenses	\$ 123,972
Nonmajor Special Revenue		
Committed	Specific expenses	\$ 454,321

CITY OF CHILTON, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 8 - Fund Balance and Net Position - Continued

Nonmajor Capital Projects			
Restricted	Specific expenses	\$	358,081
<u>Net Position</u>			
Governmental Activities			
Special Revenue			
Restricted	Specific expenses	\$	82,680
Capital Projects			
Restricted	Specific expenses	\$	773,394
Business-Type Activities			
Sewer			
Restricted	Equipment replacement	\$	816,118

The City has adopted a minimum fund balance policy in the amount of 7 - 12% of current year general fund expenditures be maintained for working capital and emergency expenditures.

NOTE 9 - Risk Management

The City 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 City'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.

NOTE 10 - Concentration of Risk

The water utility has a significant customer which represents 30% of operating revenues and 28% of customer accounts receivable at December 31, 2015. The sewer utility has a significant customer which represents 37% of operating revenues and 37% of customer accounts receivable at December 31, 2015.

NOTE 11 - Change in Accounting Principles

The change in accounting principles adjustment of \$353,638 for governmental activities and \$116,366 for business-type activities on the statement of activities is due to the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

CITY OF CHILTON, WISCONSIN
REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF CHILTON, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,193,540	\$ 1,193,540	\$ 1,196,729	\$ 3,189
Special assessment	1,450	1,450	1,452	2
Intergovernmental	868,107	872,107	871,348	(759)
Licenses and permits	70,275	70,275	93,870	23,595
Fines, forfeits and penalties	19,500	19,500	14,032	(5,468)
Public charges for services	216,036	219,365	218,223	(1,142)
Intergovernmental charges for services	93,500	97,905	95,529	(2,376)
Miscellaneous	28,885	60,800	63,090	2,290
TOTAL REVENUES	<u>2,491,293</u>	<u>2,534,942</u>	<u>2,554,273</u>	<u>19,331</u>
EXPENDITURES				
Current				
General government	151,070	320,861	182,834	138,027
Public safety	1,003,155	1,268,729	961,275	307,454
Public works	965,494	1,772,367	683,408	1,088,959
Health and human services	21,308	62,829	27,470	35,359
Culture, recreation and education	331,213	592,427	352,124	240,303
Conservation and development	(3,750)	26,389	5,891	20,498
Debt Service				
Principal	127,383	127,383	127,383	-
Interest	2,420	2,420	2,420	-
Capital outlay	-	15,000	278,970	(263,970)
TOTAL EXPENDITURES	<u>2,598,293</u>	<u>4,188,405</u>	<u>2,621,775</u>	<u>1,566,630</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(107,000)</u>	<u>(1,653,463)</u>	<u>(67,502)</u>	<u>1,585,961</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	107,000	107,000	118,928	11,928
Operating transfers (out)	-	-	(53,500)	(53,500)
Sale of capital assets	-	40,000	90,000	50,000
TOTAL OTHER FINANCING SOURCES	<u>107,000</u>	<u>147,000</u>	<u>155,428</u>	<u>8,428</u>
NET CHANGE IN FUND BALANCE	-	(1,506,463)	87,926	1,594,389
FUND BALANCE - BEGINNING OF YEAR	<u>1,760,023</u>	<u>1,760,023</u>	<u>1,760,023</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,760,023</u>	<u>\$ 253,560</u>	<u>\$ 1,847,949</u>	<u>\$ 1,594,389</u>

The accompanying notes are an integral part of these statements.

CITY OF CHILTON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2015

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 City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During November or December, City Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted for taxpayers to approve the budget. This includes all required public notifications and publications prior to the public hearing.
3. In December, the budget is legally enacted through passage of a Resolution.
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 City Council.
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 City Council.
9. Appropriations lapse at year-end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.

NOTE 2 - Excess of Actual Expenditures over Budget - The following expenditure classifications had an excess of actual expenditure over budget for the year ended.

General Fund	
Capital outlay	\$ 263,970

CITY OF CHILTON, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
DECEMBER 31, 2015

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

	<u>2015</u>
Proportion of the net pension liability (asset)	0.00939866%
Proportionate share of the net pension liability (asset)	\$ (230,857)
Covered employee payroll	\$ 1,131,992
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-20.39%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years *

	<u>2015</u>
Contractually required contributions	\$ 90,376
Contributions in relation to the contractually required contributions	<u>(90,376)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 1,131,992
Contributions as a percentage of covered employee payroll	7.98%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred with the fiscal year.

The City 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 9 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2015

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes of assumptions - there were no changes in the assumptions.

CITY OF CHILTON, WISCONSIN
OTHER
SUPPLEMENTARY INFORMATION

CITY OF CHILTON, WISCONSIN
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2014)

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	CHILTON LAKE DISTRICT	LIBRARY DONATIONS	ECONOMIC DEVELOPMENT	REDEVELOPMENT AUTHORITY	FIRE DEPARTMENT DONATIONS	GENERAL CAPITAL IMPROVEMENTS	2015	2014
ASSETS								
Cash and investments	\$ 42,000	\$ 228,969	\$ 73,478	\$ 29,954	\$ 79,995	\$ 358,081	\$ 812,477	\$ 663,901
Receivable								
Taxes	15,000	-	-	-	-	-	15,000	-
Loan	-	-	21,269	-	-	-	21,269	25,093
TOTAL ASSETS	57,000	228,969	94,747	29,954	79,995	358,081	848,746	688,994
LIABILITIES								
Accounts payable	75	-	-	-	-	-	75	48
Unearned revenue - other	-	-	21,269	-	-	-	21,269	25,093
TOTAL LIABILITES	75	-	21,269	-	-	-	21,344	25,141
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	15,000	-	-	-	-	-	15,000	-
FUND BALANCES								
Restricted	-	-	-	-	-	358,081	358,081	355,918
Committed	41,925	228,969	73,478	29,954	79,995	-	454,321	307,935
TOTAL FUND BALANCES	41,925	228,969	73,478	29,954	79,995	358,081	812,402	663,853
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 57,000	\$ 228,969	\$ 94,747	\$ 29,954	\$ 79,995	\$ 358,081	\$ 848,746	\$ 688,994

CITY OF CHILTON, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2015
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	CHILTON LAKE DISTRICT	LIBRARY DONATIONS	ECONOMIC DEVELOPMENT	REDEVELOPMENT AUTHORITY	FIRE DEPARTMENT DONATIONS	GENERAL CAPITAL IMPROVEMENTS	2015	2014
REVENUES								
Taxes	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
Intergovernmental	77	-	-	-	-	-	77	77
Miscellaneous	122	86,207	5,726	741	48,341	2,163	143,300	104,636
TOTAL REVENUES	15,199	86,207	5,726	741	48,341	2,163	158,377	119,713
EXPENDITURES								
Current								
Public safety	-	-	-	-	45,289	-	45,289	40,152
Culture, recreation and education	-	2,858	-	-	-	-	2,858	54,143
Conservation and development	15,181	-	-	-	-	-	15,181	12,459
Capital outlay	-	-	-	-	-	-	-	10,080
TOTAL EXPENDITURES	15,181	2,858	-	-	45,289	-	63,328	116,834
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18	83,349	5,726	741	3,052	2,163	95,049	2,879
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	50,000	-	3,500	-	53,500	3,350
Operating transfers (out)	-	-	-	-	-	-	-	(126,385)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	50,000	-	3,500	-	53,500	(123,035)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	18	83,349	55,726	741	6,552	2,163	148,549	(120,156)
FUND BALANCE - BEGINNING OF YEAR	41,907	145,620	17,752	29,213	73,443	355,918	663,853	710,397
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	73,612
FUND BALANCE - END OF YEAR	\$ 41,925	\$ 228,969	\$ 73,478	\$ 29,954	\$ 79,995	\$ 358,081	\$ 812,402	663,853

CITY OF CHILTON, WISCONSIN
 DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes			
Property	\$ 1,184,490	\$1,185,516	\$ 1,026
General sales	40	40	-
Other tax exempt entities	9,000	11,173	2,173
Interest and penalties on delinquent taxes	10	-	(10)
TOTAL	<u>1,193,540</u>	<u>1,196,729</u>	<u>3,189</u>
Special assessments	<u>1,450</u>	<u>1,452</u>	<u>2</u>
Intergovernmental			
State shared taxes	529,438	529,892	454
State grants - public safety	5,760	4,800	(960)
State grants - transportation	222,335	222,014	(321)
Other state payments	23,800	23,865	65
County and other local grants	90,774	90,777	3
TOTAL	<u>872,107</u>	<u>871,348</u>	<u>(759)</u>
Licenses and Permits			
Business and occupational licenses	36,220	37,825	1,605
Nonbusiness licenses	1,450	1,610	160
Building permits and inspection fees	24,200	45,268	21,068
Zoning permits and fees	200	350	150
Other regulatory permits and fees	8,205	8,817	612
TOTAL	<u>70,275</u>	<u>93,870</u>	<u>23,595</u>
Fines, Forfeits and Penalties			
Law and ordinance violations	<u>19,500</u>	<u>14,032</u>	<u>(5,468)</u>
Public Charges for Services			
General government	2,500	3,535	1,035
Transportation	1,500	2,113	613
Sanitation and utilities	183,310	183,553	243
Health	8,440	11,595	3,155
Culture, recreation and education	23,615	17,427	(6,188)
TOTAL	<u>219,365</u>	<u>218,223</u>	<u>(1,142)</u>
Intergovernmental Charges for Service			
Other local governments - public safety	87,500	85,124	(2,376)
Other local governments - other	10,405	10,405	-
TOTAL	<u>97,905</u>	<u>95,529</u>	<u>(2,376)</u>
Miscellaneous			
Interest	25,200	27,847	2,647
Rent	2,500	2,052	(448)
Donations	31,915	31,915	-
Other miscellaneous	1,185	1,276	91
TOTAL	<u>60,800</u>	<u>63,090</u>	<u>2,290</u>
TOTAL REVENUES	<u>2,534,942</u>	<u>2,554,273</u>	<u>19,331</u>
OTHER FINANCING SOURCES			
Operating transfers in	107,000	118,928	11,928
Sale of capital assets	40,000	90,000	50,000
TOTAL OTHER FINANCING SOURCES	<u>147,000</u>	<u>208,928</u>	<u>61,928</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,681,942</u>	<u>\$ 2,763,201</u>	<u>\$ 81,259</u>

CITY OF CHILTON, WISCONSIN
 DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2015

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES			
General Government			
Legislative	\$ 25,595	\$ 23,194	\$ 2,401
Legal	11,600	8,207	3,393
General administration	160,841	90,461	70,380
Financial administration	17,974	15,040	2,934
General buildings and plant	82,570	42,344	40,226
Other insurance	22,281	3,588	18,693
TOTAL	<u>320,861</u>	<u>182,834</u>	<u>138,027</u>
Public Safety			
Law enforcement	752,271	671,841	80,430
Fire protection	486,067	266,344	219,723
Building inspection	24,050	22,575	1,475
Other public safety	6,341	515	5,826
TOTAL	<u>1,268,729</u>	<u>961,275</u>	<u>307,454</u>
Public Works			
Administration	106,065	68,156	37,909
Street maintenance and construction	1,125,468	201,674	923,794
Road related facilities	210,796	128,308	82,488
Sanitation	330,038	285,270	44,768
TOTAL	<u>1,772,367</u>	<u>683,408</u>	<u>1,088,959</u>
Health and Human Services			
Public health services	800	800	-
Cemetery	62,029	26,670	35,359
TOTAL	<u>62,829</u>	<u>27,470</u>	<u>35,359</u>
Culture, Recreation and Education			
Library	269,266	249,194	20,072
Parks	242,256	81,305	160,951
Recreation programs and events	71,213	21,625	49,588
Recreation facilities	9,692	-	9,692
TOTAL	<u>592,427</u>	<u>352,124</u>	<u>240,303</u>
Conservation and Development			
Economic development	21,230	5,143	16,087
Other conservation and development	5,159	748	4,411
TOTAL	<u>26,389</u>	<u>5,891</u>	<u>20,498</u>
Debt Service			
Principal	127,383	127,383	-
Interest	2,420	2,420	-
TOTAL	<u>129,803</u>	<u>129,803</u>	<u>-</u>
Capital Outlay			
Public safety	-	49,795	(49,795)
Transportation	-	172,196	(172,196)
Culture, recreation and education	15,000	56,979	(41,979)
TOTAL	<u>15,000</u>	<u>278,970</u>	<u>(263,970)</u>
TOTAL EXPENDITURES	<u>4,188,405</u>	<u>2,621,775</u>	<u>1,566,630</u>
OTHER FINANCING USES			
Operating transfers out	-	53,500	(53,500)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>53,500</u>	<u>(53,500)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,188,405</u>	<u>\$ 2,675,275</u>	<u>\$ 1,513,130</u>

CITY OF CHILTON, WISCONSIN
OTHER REPORTS



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

To the City Council
City of Chilton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chilton, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Chilton, Wisconsin's basic financial statements and have issued our report thereon dated February 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Chilton, Wisconsin's internal control over financial reporting (internal control) to determine the 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 City of Chilton, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Chilton, Wisconsin'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 below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described below to be material weaknesses.

2015-001 - Management's Responsibility for Preparation of Financial Statements

Program: Government Wide.

Criteria: Adequate internal controls necessitate personnel (management or others) of the City 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 2014-001.

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.

2015-002 - 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: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2014-002.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Chilton, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Chilton, Wisconsin's Responses to Findings

The City of Chilton, Wisconsin's responses to the findings identified in our audit are described above. The City of Chilton, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin
February 29, 2016