

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2012

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Buchanan
Outagamie County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Town of Buchanan, Outagamie County, Wisconsin ("the Town") as of and for the year ended December 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements, all prepared on the modified cash basis of accounting.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Town'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 Town'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 of the Town as of December 31, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Emphasis of Matter

As described in Note A, the Town's financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, on our consideration of the Town'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
March 7, 2013

BASIC FINANCIAL STATEMENTS

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position - Modified Cash Basis
Governmental Activities
December 31, 2012

ASSETS	
Cash and investments	\$ 5,840,617
Prepaid items	<u>1,199</u>
TOTAL ASSETS	<u><u>5,841,816</u></u>
LIABILITIES	
Payroll liabilities	3,085
Advance tax collections	<u>4,782,195</u>
TOTAL LIABILITIES	<u><u>4,785,280</u></u>
NET POSITION	
Restricted for:	
Park improvements	31,276
Fire department	17,660
Unrestricted	<u>1,007,600</u>
TOTAL NET POSITION	<u><u>\$ 1,056,536</u></u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Statement of Activities - Modified Cash Basis
Governmental Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General government	\$ 400,669	\$ 31,869	\$ -	\$ (368,800)
Public safety	681,891	55,793	34,328	(591,770)
Public works	629,523	236,113	217,241	(176,169)
Culture and recreation	13,575	7,488	450	(5,637)
Conservation and development	14,126	8,815	-	(5,311)
Principal and interest on long-term debt	185,432	-	-	(185,432)
Total Governmental Activities	<u>1,925,216</u>	<u>340,078</u>	<u>252,019</u>	<u>(1,333,119)</u>
General revenues				
				1,496,029
				4,545
				77,171
				18,183
				46,749
				<u>1,642,677</u>
				309,558
				<u>746,978</u>
				<u>\$ 1,056,536</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Statement of Assets, Liabilities and Fund Balance -
General Fund
December 31, 2012

ASSETS

Cash and investments	\$ 5,840,617
Prepaid items	1,199
Total Assets	<u>\$ 5,841,816</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payroll liabilities	\$ 3,085
Advance tax collections	4,782,195
Total Liabilities	<u>4,785,280</u>

Fund Balance

Nonspendable for prepaid items	1,199
Restricted for:	
Park improvements	31,276
Fire department	17,660
Committed for:	
Fire/EMS equipment	111,517
Intersection improvements	363,834
Building improvement	10,011
Fire apparatus	25,069
Unassigned	495,970
Total Fund Balance	<u>1,056,536</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,841,816</u>
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The notes to the basic financial statements are an integral part of this statement.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2012

Revenues	
Taxes	\$ 1,500,574
Intergovernmental	314,844
Licenses and permits	85,089
Fines, forfeits and penalties	14,437
Public charges for services	257,110
Intergovernmental charges for services	27,591
Miscellaneous	35,129
Total Revenues	<u>2,234,774</u>
Expenditures	
General government	388,434
Public safety	653,722
Public works	493,425
Culture and recreation	13,575
Conservation and development	14,126
Capital outlay	176,502
Debt service	
Principal	155,000
Interest	30,432
Total Expenditures	<u>1,925,216</u>
Net Change in Fund Balance	309,558
Fund Balance - January 1	<u>746,978</u>
Fund Balance - December 31	<u>\$ 1,056,536</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,501,570	\$ 1,501,570	\$ 1,500,574	\$ (996)
Intergovernmental	307,307	307,307	314,844	7,537
Licenses and permits	60,273	60,273	85,089	24,816
Fines, forfeits and penalties	15,200	15,200	14,437	(763)
Public charges for services	244,890	244,890	257,110	12,220
Intergovernmental charges for services	2,225	2,225	27,591	25,366
Miscellaneous	24,500	24,500	35,129	10,629
Total Revenues	2,155,965	2,155,965	2,234,774	78,809
Expenditures				
General government	376,035	376,035	388,434	(12,399)
Public safety	655,151	655,151	653,722	1,429
Public works	569,286	569,286	493,425	75,861
Culture and recreation	16,750	16,750	13,575	3,175
Conservation and development	13,855	13,855	14,126	(271)
Capital outlay	509,699	509,699	176,502	333,197
Debt service				
Principal	155,000	155,000	155,000	-
Interest	30,478	30,478	30,432	46
Total Expenditures	2,326,254	2,326,254	1,925,216	401,038
Net Change in Fund Balance	(170,289)	(170,289)	309,558	479,847
Fund Balance - January 1	746,978	746,978	746,978	-
Fund Balance - December 31	\$ 576,689	\$ 576,689	\$ 1,056,536	\$ 479,847

The notes to the basic financial statements are an integral part of this statement.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The governmental activities and general fund financial statements of the Town of Buchanan, Outagamie County, Wisconsin ("the Town"), have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting assets, liabilities, net position/fund balance, revenues, and expenditures/expenses are recognized when they result from cash transactions. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

1. Reporting Entity

The Town of Buchanan, Wisconsin, is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are primarily supported by taxes and intergovernmental revenues. The Town reports no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Town reports all governmental activities in the general fund which is considered a major governmental fund:

GENERAL FUND

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

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. The government-wide and fund financial statements of the Town are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the financial statements. Operating statements of these funds present increases (i.e., revenues collected) and decreases (i.e., expenditures paid) in cash.

The modified cash basis of accounting is used in the fund financial statements for governmental funds and governmental activities recorded in the government-wide financial statements. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions with no provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under generally accepted accounting principles, the Town would have used the modified cash basis of accounting for preparing its governmental fund financial statements and the accrual basis of accounting for its government-wide financial statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. The Town does recognize cash payments made for future periods as prepaid items.

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

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

4. Assets, Liabilities, and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

b. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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

c. Advance Tax Collections

The Town collects property taxes for itself along with other taxing entities, as described in Note B. Under the modified cash basis of accounting, collections received during December are reported by the Town as a liability instead of a reduction of taxes receivable under the modified cash basis of accounting and distributed in January to the Town and other taxing entities. The Town's portion of advance tax collections, which was not estimated by the Town, would represent a deferred inflow of resources to be recognized as revenue in 2013.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Long-term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Because the Town uses the modified cash basis of accounting, principal payments are reported as expenses in the statement of activities and no liability is reported on the statement of net position.

e. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board. These constraints can only be removed or changed by the Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

GOVERNMENT-WIDE FUND STATEMENTS

The Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which changed net assets to net position on the Statement of Net Position. Equity is classified as net position and displayed in two components:

- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is not restricted.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

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

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After preparation of the proposed operating budget, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis of cash receipts and cash disbursements for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Town maintains various cash and investment accounts. Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

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

The carrying amount of the Town's cash and investments totaled \$5,840,617 on December 31, 2012 as summarized below:

Cash on hand	\$ 200
Deposits with financial institutions	5,840,417
	\$ 5,840,617

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

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits with Financial Institutions

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts, and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the Town's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the Village's noninterest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, \$4,105,830 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. The uninsured amount of \$4,105,830 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

The Town levies taxes for the Appleton School District, Kaukauna School District, Kimberly School District, Wrightstown School District, Darboy Joint Sanitary District, Outagamie County, Fox Valley Technical College and the State of Wisconsin.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Long-term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
General Obligation Debt					
Notes	\$ 835,000	\$ -	\$ 155,000	\$ 680,000	\$ 165,000

Total interest paid during the year on long-term debt totaled \$30,432.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$1,410,000 issued 12/12/2007; \$165,000 to \$175,000 due annually through 2016;
interest 3.65%

\$ 680,000

Annual principal and interest maturities of the outstanding general obligation debt of \$680,000 on December 31, 2012 are payable by the general fund as shown below:

Year Ended December 31	Principal	Interest	Total
2013	\$ 165,000	\$ 24,820	\$ 189,820
2014	170,000	18,798	188,798
2015	170,000	12,593	182,593
2016	175,000	6,388	181,388
	<u>\$ 680,000</u>	<u>\$ 62,599</u>	<u>\$ 742,599</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2012 was \$26,548,750 as follows:

Equalized valuation of the Town	\$ 544,575,000
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	27,228,750
Total outstanding general obligation debt applicable to debt limitation	<u>680,000</u>
Legal Margin for New Debt	<u>\$ 26,548,750</u>

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Minimum Fund Balance Policy

The Town Board has adopted a policy that fund balance in the amount of 15% to 25% of the current year budget less capital outlay and debt service be maintained to preserve working funds for cash flow purposes and to adequately prepare for unforeseen events which require ready access to funds,. The minimum fund balance amount is calculated as follows:

2012 General Fund Operating Budget as defined by policy	\$1,631,077
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Account	\$244,600 - \$407,800

The Town's unassigned fund balance at December 31, 2012 was \$495,970, which includes \$195,591 held in a contingency fund. The Town has met their minimum fund balance policy.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible Town employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to 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. Contribution rates are as follows:

	2012	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

The payroll for Town employees covered by the WRS for the year ended December 31, 2012 was \$186,227; the employer's total payroll was \$303,320. The total required contribution for the year ended December 31, 2012 was \$21,975, which consisted of \$10,987 or 5.90% of covered payroll from the employer, and \$10,988, or 5.90% of covered payroll from employees.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Risk Management

The Town has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or distribution of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the Town.

3. Contingent Liabilities

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

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2012 budget was 0.93%. The actual limit for the Town for the 2013 budget was 0.28%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

SUPPLEMENTARY INFORMATION

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Detailed Schedule of General Fund Revenues Collected
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
Property taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,496,029	\$ (3,971)
Forest crop and managed forest land taxes	-	-	68	68
Other taxes	1,570	1,570	4,477	2,907
Total Taxes	1,501,570	1,501,570	1,500,574	(996)
Intergovernmental				
State aid				
Shared taxes	57,748	57,748	69,497	11,749
Fire insurance	18,100	18,100	20,432	2,332
Exempt computer aid	2,400	2,400	2,177	(223)
Transportation aid	114,241	114,241	114,241	-
Other highway aid	21,700	21,700	21,700	-
Forest croplands	20	20	16	(4)
Other	-	-	5,481	5,481
Other local aids				
Valley Transit	54,898	54,898	43,035	(11,863)
Recycling	38,200	38,200	38,265	65
Total Intergovernmental	307,307	307,307	314,844	7,537
Licenses and Permits				
Business and occupational	46,750	46,750	57,654	10,904
Dog licenses	960	960	1,010	50
Building permits and inspections	8,600	8,600	18,610	10,010
Zoning and permit fees	2,300	2,300	7,765	5,465
Other permits	1,663	1,663	50	(1,613)
Total Licenses and Permits	60,273	60,273	85,089	24,816
Fines, Forfeits and Penalties				
Law and ordinance violations	15,200	15,200	14,437	(763)
Public Charges for Services				
General government	1,840	1,840	4,092	2,252
Fire protection fees	5,500	5,500	9,417	3,917
Transportation	8,600	8,600	10,769	2,169
Sanitation and utilities	228,950	228,950	225,344	(3,606)
Park impact fees	-	-	7,488	7,488
Total Public Charges for Services	244,890	244,890	257,110	12,220
Intergovernmental Charges for Services				
Law enforcement - Kimberly	-	-	25,300	25,300
Fire services	325	325	375	50
Crossing guards	1,900	1,900	1,916	16
Total Intergovernmental Charges for Services	2,225	2,225	27,591	25,366
Miscellaneous				
Interest	22,000	22,000	18,183	(3,817)
Hall rental	2,500	2,500	2,600	100
Donations	-	-	14,346	14,346
Total Miscellaneous	24,500	24,500	35,129	10,629
Total Revenues	\$ 2,155,965	\$ 2,155,965	\$ 2,234,774	\$ 78,809

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Detailed Schedule of General Fund Expenditures Paid
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government				
Legislative (Town Board)	\$ 31,780	\$ 31,780	\$ 30,122	\$ 1,658
Legal fees	30,200	30,200	42,926	(12,726)
General administration				
Elections	23,790	23,790	24,594	(804)
Office salaries and benefits	71,360	71,360	69,851	1,509
Office technology	6,653	6,653	14,518	(7,865)
Town administrator	75,120	75,120	74,684	436
Other general administration	38,441	38,441	35,296	3,145
Financial administration				
Accounting and auditing	6,600	6,600	6,600	-
Assessment	12,500	12,500	12,500	-
Treasurer	7,914	7,914	6,730	1,184
General buildings, Town hall				
Hall supplies and expenses	24,149	24,149	23,158	991
Maintenance workers	26,528	26,528	23,896	2,632
Other general government				
Insurance	19,000	19,000	21,469	(2,469)
Employee benefits	1,000	1,000	1,148	(148)
Other general government	1,000	1,000	942	58
Total General Government	376,035	376,035	388,434	(12,399)
Public Safety				
Law enforcement	431,844	431,844	432,639	(795)
Fire protection	127,827	127,827	127,267	560
Emergency medical services	34,250	34,250	32,559	1,691
Emergency management services	51,700	51,700	50,357	1,343
Building inspection	9,530	9,530	10,900	(1,370)
Total Public Safety	655,151	655,151	653,722	1,429
Public Works				
Highway and street maintenance	176,500	176,500	112,923	63,577
Road related facilities	29,370	29,370	35,955	(6,585)
Sanitation	290,050	290,050	285,622	4,428
Mass transit	73,366	73,366	58,925	14,441
Total Public Works	569,286	569,286	493,425	75,861
Culture and Recreation				
Parks	10,600	10,600	7,533	3,067
Recreation programs and events	6,150	6,150	6,042	108
Total Culture, Recreation and Education	16,750	16,750	13,575	3,175

(Continued)

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Detailed Schedule of General Fund Expenditures Paid (Continued)
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Conservation and Development				
Planning and zoning	5,470	5,470	4,166	1,304
Stormwater and drainage management	6,700	6,700	8,775	(2,075)
Economic development	1,685	1,685	1,185	500
Total Conservation and Development	13,855	13,855	14,126	(271)
Capital Outlay				
General government	12,300	12,300	12,235	65
Fire and rescue	48,450	48,450	19,086	29,364
Emergency management services	35,114	35,114	9,083	26,031
Roads and public works	413,835	413,835	135,305	278,530
Stormwater	-	-	793	(793)
Total Capital Outlay	509,699	509,699	176,502	333,197
Debt Service				
Principal	155,000	155,000	155,000	-
Interest	30,478	30,478	30,432	46
Total Debt Service	185,478	185,478	185,432	46
Total Expenditures	\$ 2,326,254	\$ 2,326,254	\$ 1,925,216	\$ 401,038

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



**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**

INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Buchanan
Outagamie County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Buchanan, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Buchanan, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated March 7, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one certain deficiency in internal control, described in the accompanying schedule of findings and responses as items 2012-01 that we consider to be a significant deficiency.



Compliance and Other Matters

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

Town of Buchanan, Wisconsin's Response to Findings

The Town of Buchanan, Wisconsin's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town of Buchanan, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



Certified Public Accountants
Green Bay, Wisconsin
March 7, 2013

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2012

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2012-01	Preparation of Annual Financial Report
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to prepare the annual financial report in an efficient manner
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America
Recommendation:	We recommend the Town continue reviewing the annual financial report prepared by Schenck. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report.
Management Response:	The Town Deputy Clerk and Town Administrator have reviewed the financial reports prepared by Schenck.

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2012.