

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2013**

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
December 31, 2013

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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 and the major fund of the Town of Buchanan, Outagamie County, Wisconsin ("the Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town'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 the modified cash basis of accounting described in Note A; 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 and the major fund of the Town as of December 31, 2013, and the respective changes in financial position and the 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.



## ***Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The 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 that 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 are 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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Report on Summarized Financial Information**

We have previously audited the Town of Buchanan, Outagamie County, Wisconsin 2012 financial statements, and our report dated March 7, 2013, expressed unmodified opinions on those respective financial statements of the governmental activities and the major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, 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 26, 2014, 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  
February 26, 2014

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Statement of Net Position - Modified Cash Basis  
Governmental Activities  
December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	Governmental Activities	
	2013	2012
<b>ASSETS</b>		
Cash and investments	\$ 7,110,416	\$ 5,840,617
Prepaid items	2,585	1,199
<b>TOTAL ASSETS</b>	<u>7,113,001</u>	<u>5,841,816</u>
<b>LIABILITIES</b>		
Payroll liabilities	2,986	3,085
Due to other governments	4,955,031	4,171,405
Unearned revenue	183,022	-
<b>TOTAL LIABILITIES</b>	<u>5,141,039</u>	<u>4,174,490</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes	<u>748,757</u>	<u>610,790</u>
<b>NET POSITION</b>		
Restricted for:		
Park improvements	37,775	31,276
Fire department	27,005	17,660
Unrestricted	<u>1,158,425</u>	<u>1,007,600</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,223,205</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 Activities - Modified Cash Basis  
Governmental Activities  
For the Year Ended December 31, 2013  
(With Summarized Financial Information 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	Capital Grants and Contributions	Governmental Activities	
					2013	2012
<b>Governmental Activities</b>						
General government	\$ 410,137	\$ 45,119	\$ -	\$ -	\$ (365,018)	\$ (368,800)
Public safety	730,965	37,794	37,568	-	(655,603)	(591,770)
Public works	737,360	257,660	212,257	-	(267,443)	(176,169)
Culture and recreation	15,997	6,240	-	-	(9,757)	(5,637)
Conservation and development	18,738	7,702	-	-	(11,036)	(5,311)
Principal and interest on long-term debt	189,804	-	-	-	(189,804)	(185,432)
<b>Total Governmental Activities</b>	<b>\$ 2,103,001</b>	<b>\$ 354,515</b>	<b>\$ 249,825</b>	<b>\$ -</b>	<b>(1,498,661)</b>	<b>(1,333,119)</b>
<b>General revenues</b>						
Property taxes, levied for general purposes					1,516,215	1,496,029
Other taxes					4,882	4,545
State and federal aids not restricted to specific functions					78,033	77,171
Interest and investment earnings					19,745	18,183
Miscellaneous					46,455	46,749
<b>Total general revenues</b>					<b>1,665,330</b>	<b>1,642,677</b>
Change in net position					166,669	309,558
Net position - January 1					1,056,536	746,978
Net position - December 31					<b>\$ 1,223,205</b>	<b>\$ 1,056,536</b>

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, 2013  
(With Summarized Financial Information as of December 31, 2012)

	2013	2012
<b>ASSETS</b>		
Cash and investments	\$ 7,110,416	\$ 5,840,617
Prepaid items	2,585	1,199
<b>Total Assets</b>	<b>\$ 7,113,001</b>	<b>\$ 5,841,816</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Payroll liabilities	\$ 2,986	\$ 3,085
Due to other governments	4,955,031	4,171,405
Unearned revenue	183,022	-
<b>Total Liabilities</b>	<b>5,141,039</b>	<b>4,174,490</b>
Deferred Inflows of Resources		
Property taxes	748,757	610,790
Fund Balance		
Nonspendable for prepaid items	2,585	1,199
Restricted for:		
Park improvements	37,775	31,276
Fire department	27,005	17,660
Committed for:		
Fire/EMS equipment	3,027	111,517
Intersection improvements	499,286	363,834
Building improvement	21,541	10,011
Fire apparatus	76,270	25,069
Trail development	10,000	-
Unassigned	545,716	495,970
<b>Total Fund Balance</b>	<b>1,223,205</b>	<b>1,056,536</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 7,113,001</b>	<b>\$ 5,841,816</b>

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, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

	2013	2012
<b>Revenues</b>		
Taxes	\$ 1,521,097	\$ 1,500,574
Intergovernmental	310,123	314,844
Licenses and permits	98,094	85,089
Fines, forfeits and penalties	13,449	14,437
Public charges for services	284,777	257,110
Intergovernmental charges for services	2,300	27,591
Miscellaneous	39,830	35,129
<b>Total Revenues</b>	<u>2,269,670</u>	<u>2,234,774</u>
<b>Expenditures</b>		
General government	405,857	388,434
Public safety	622,327	653,722
Public works	590,532	493,425
Culture and recreation	15,997	13,575
Conservation and development	18,738	14,126
Capital outlay	259,746	176,502
Debt service		
Principal	165,000	155,000
Interest	24,804	30,432
<b>Total Expenditures</b>	<u>2,103,001</u>	<u>1,925,216</u>
<b>Net Change in Fund Balance</b>	166,669	309,558
<b>Fund Balance - January 1</b>	<u>1,056,536</u>	<u>746,978</u>
<b>Fund Balance - December 31</b>	<u>\$ 1,223,205</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 Revenues Collected, Expenditures Paid and Changes in Fund Balance  
 Budget and Actual - General Fund  
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,517,322	\$ 1,517,322	\$ 1,521,097	\$ 3,775
Intergovernmental	288,916	288,916	310,123	21,207
Licenses and permits	69,175	69,175	98,094	28,919
Fines, forfeits and penalties	15,176	15,176	13,449	(1,727)
Public charges for services	266,405	266,405	284,777	18,372
Intergovernmental charges for services	2,225	2,225	2,300	75
Miscellaneous	22,600	22,600	39,830	17,230
<b>Total Revenues</b>	<b>2,181,819</b>	<b>2,181,819</b>	<b>2,269,670</b>	<b>87,851</b>
<b>Expenditures</b>				
General government	376,314	385,714	405,857	(20,143)
Public safety	626,998	626,998	622,327	4,671
Public works	585,518	585,518	590,532	(5,014)
Culture and recreation	17,250	17,250	15,997	1,253
Conservation and development	20,707	20,707	18,738	1,969
Capital outlay	440,030	451,594	259,746	191,848
Debt service				
Principal	155,000	155,000	165,000	(10,000)
Interest	34,820	34,820	24,804	10,016
<b>Total Expenditures</b>	<b>2,256,637</b>	<b>2,277,601</b>	<b>2,103,001</b>	<b>174,600</b>
<b>Net Change in Fund Balance</b>	<b>(74,818)</b>	<b>(95,782)</b>	<b>166,669</b>	<b>262,451</b>
<b>Fund Balance - January 1</b>	<b>1,056,536</b>	<b>1,056,536</b>	<b>1,056,536</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 981,718</b>	<b>\$ 960,754</b>	<b>\$ 1,223,205</b>	<b>\$ 262,451</b>

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, 2013

**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, deferred outflows/inflows of resources, 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 No. 61.

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, 2013

**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, deferred outflows/inflows of resources, 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, Deferred Outflows/Inflows of Resources 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently does not have any items that qualify for reporting in this category.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category, deferred property taxes. These amounts are deferred and recognized as an inflow of resources in the subsequent year for which it was levied.

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.

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.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENT-WIDE FUND STATEMENTS

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.

5. Summarized Comparative Information

The basic financial statements 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 Town's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

6. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

**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, 2013.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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 \$7,110,416 on December 31, 2013 as summarized below:

Cash on hand	\$ 200
Deposits with financial institutions	7,110,216
	<u>\$ 7,110,416</u>

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.

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

As of December 31, 2013, \$5,943,154 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. The uninsured amount of \$5,943,154 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, 2013

**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, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
General Obligation Debt Notes	\$ 680,000	\$ -	\$ 165,000	\$ 515,000	\$ 170,000

Total interest paid during the year on long-term debt totaled \$24,804.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$1,410,000 issued 12/12/2007; \$170,000 to \$175,000 due annually through 2016;  
interest 3.65%

\$ 515,000

Annual principal and interest maturities of the outstanding general obligation debt of \$515,000 on December 31, 2013 are payable by the general fund as shown below:

Year Ended December 31	Principal	Interest	Total
2014	\$ 170,000	\$ 18,798	\$ 188,798
2015	170,000	12,593	182,593
2016	175,000	6,388	181,388
	<u>\$ 515,000</u>	<u>\$ 37,779</u>	<u>\$ 552,779</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2013 was \$27,198,925 as follows:

Equalized valuation of the Town	\$ 554,278,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>27,713,925</u>
Total outstanding general obligation debt applicable to debt limitation	515,000
Legal Margin for New Debt	<u>\$ 27,198,925</u>



**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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:

2013 General Fund Operating Budget as defined by policy	\$1,626,787
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Account	\$244,000 - \$406,700

The Town's unassigned fund balance at December 31, 2013 was \$545,716, which includes \$242,542 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.

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:

	2013	
	Employee	Employer
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

The payroll for Town employees covered by the WRS for the year ended December 31, 2013 was \$147,455; the employer's total payroll was \$275,286. The total required contribution for the year ended December 31, 2013 was \$19,612, which consisted of \$9,806 or 6.65% of covered payroll from the employer, and \$9,806, or 6.65% 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 2013 and 2014 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 2013 budget was 0.28%. The actual limit for the Town for the 2014 budget was 0.70%. 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, 2013  
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Taxes</b>					
Property taxes	\$ 1,515,500	\$ 1,515,500	\$ 1,516,215	\$ 715	\$ 1,496,029
Forest crop and managed forest land taxes	-	-	68	68	68
Interest and penalties on taxes	-	-	343	343	-
Other taxes	1,822	1,822	4,471	2,649	4,477
<b>Total Taxes</b>	<b>1,517,322</b>	<b>1,517,322</b>	<b>1,521,097</b>	<b>3,775</b>	<b>1,500,574</b>
<b>Intergovernmental</b>					
State aid					
Shared taxes	68,978	68,978	74,163	5,185	69,497
Fire insurance	20,600	20,600	19,833	(767)	20,432
Exempt computer aid	2,100	2,100	2,241	141	2,177
Transportation aid	114,555	114,555	114,489	(66)	114,241
Other highway aid	-	-	-	-	21,700
Forest croplands	20	20	16	(4)	16
Other	1,663	1,663	1,613	(50)	5,481
Other local aids					
Valley Transit	43,000	43,000	59,309	16,309	43,035
Recycling	38,000	38,000	38,459	459	38,265
<b>Total Intergovernmental</b>	<b>288,916</b>	<b>288,916</b>	<b>310,123</b>	<b>21,207</b>	<b>314,844</b>
<b>Licenses and Permits</b>					
Business and occupational	52,345	52,345	70,935	18,590	57,654
Dog licenses	980	980	1,049	69	1,010
Building permits and inspections	11,250	11,250	23,060	11,810	18,610
Zoning and permit fees	4,600	4,600	3,000	(1,600)	7,765
Other permits	-	-	50	50	50
<b>Total Licenses and Permits</b>	<b>69,175</b>	<b>69,175</b>	<b>98,094</b>	<b>28,919</b>	<b>85,089</b>
<b>Fines, Forfeits and Penalties</b>					
Law and ordinance violations	15,176	15,176	13,449	(1,727)	14,437
<b>Public Charges for Services</b>					
General government	2,425	2,425	5,005	2,580	4,092
Fire protection fees	6,000	6,000	12,710	6,710	9,417
Transportation	9,000	9,000	9,364	364	10,769
Sanitation and utilities	248,980	248,980	248,296	(684)	225,344
Drainage	-	-	3,162	3,162	-
Park impact fees	-	-	6,240	6,240	7,488
<b>Total Public Charges for Services</b>	<b>266,405</b>	<b>266,405</b>	<b>284,777</b>	<b>18,372</b>	<b>257,110</b>

(Continued)

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Detailed Schedule of General Fund Revenues Collected (Continued)  
For the Year Ended December 31, 2013  
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Intergovernmental Charges for Services</b>					
Law enforcement - Kimberly	-	-	-	-	25,300
Fire services	325	325	400	75	375
Crossing guards	1,900	1,900	1,900	-	1,916
<b>Total Intergovernmental Charges for Services</b>	<b>2,225</b>	<b>2,225</b>	<b>2,300</b>	<b>75</b>	<b>27,591</b>
<b>Miscellaneous</b>					
Interest	20,000	20,000	19,745	(255)	18,183
Hall rental	2,600	2,600	2,350	(250)	2,600
Donations	-	-	17,735	17,735	14,346
<b>Total Miscellaneous</b>	<b>22,600</b>	<b>22,600</b>	<b>39,830</b>	<b>17,230</b>	<b>35,129</b>
<b>Total Revenues</b>	<b>\$ 2,181,819</b>	<b>\$ 2,181,819</b>	<b>\$ 2,269,670</b>	<b>\$ 87,851</b>	<b>\$ 2,234,774</b>

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Detailed Schedule of General Fund Expenditures Paid  
For the Year Ended December 31, 2013  
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>General Government</b>					
Legislative (Town Board)	\$ 31,780	\$ 31,780	\$ 31,590	\$ 190	\$ 30,122
Legal fees	41,000	41,000	33,767	7,233	42,926
General administration					
Elections	4,600	4,600	5,105	(505)	24,594
Office salaries and benefits	75,527	75,527	76,477	(950)	69,851
Office technology	8,544	8,544	10,735	(2,191)	14,518
Town administrator	76,800	76,800	98,576	(21,776)	74,684
Other general administration	38,180	38,180	37,484	696	35,296
Financial administration					
Accounting and auditing	6,350	6,350	6,350	-	6,600
Assessment	12,500	12,500	12,500	-	12,500
Treasurer	7,279	7,279	8,161	(882)	6,730
General buildings, Town hall					
Hall supplies and expenses	23,160	32,560	38,436	(5,876)	23,158
Maintenance workers	27,398	27,398	20,263	7,135	23,896
Other general government					
Insurance	21,000	21,000	23,997	(2,997)	21,469
Employee benefits	1,196	1,196	1,196	-	1,148
Other general government	1,000	1,000	1,220	(220)	942
<b>Total General Government</b>	<b>376,314</b>	<b>385,714</b>	<b>405,857</b>	<b>(20,143)</b>	<b>388,434</b>
<b>Public Safety</b>					
Law enforcement	400,201	400,201	399,389	812	432,639
Fire protection	129,047	129,047	128,552	495	127,267
Emergency medical services	34,350	34,350	29,941	4,409	32,559
Emergency management services	52,800	52,800	51,564	1,236	50,357
Building inspection	10,600	10,600	12,881	(2,281)	10,900
<b>Total Public Safety</b>	<b>626,998</b>	<b>626,998</b>	<b>622,327</b>	<b>4,671</b>	<b>653,722</b>
<b>Public Works</b>					
Highway and street maintenance	183,000	183,000	198,845	(15,845)	112,923
Road related facilities	30,018	30,018	30,863	(845)	35,955
Sanitation	312,500	312,500	303,308	9,192	285,622
Mass transit	60,000	60,000	57,516	2,484	58,925
<b>Total Public Works</b>	<b>585,518</b>	<b>585,518</b>	<b>590,532</b>	<b>(5,014)</b>	<b>493,425</b>
<b>Culture and Recreation</b>					
Parks	10,600	10,600	8,625	1,975	7,533
Recreation programs and events	6,650	6,650	7,372	(722)	6,042
<b>Total Culture and Recreation</b>	<b>17,250</b>	<b>17,250</b>	<b>15,997</b>	<b>1,253</b>	<b>13,575</b>

(Continued)

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Detailed Schedule of General Fund Expenditures Paid (Continued)  
For the Year Ended December 31, 2013  
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
Conservation and Development					
Planning and zoning	4,820	4,820	2,673	2,147	4,166
Stormwater and drainage management	12,250	12,250	12,428	(178)	8,775
Economic development	3,637	3,637	3,637	-	1,185
Total Conservation and Development	<u>20,707</u>	<u>20,707</u>	<u>18,738</u>	<u>1,969</u>	<u>14,126</u>
Capital Outlay					
General government	5,000	5,000	4,280	720	12,235
Fire and rescue	42,750	42,750	-	42,750	19,086
Emergency management services	100,000	111,564	108,638	2,926	9,083
Roads and public works	282,280	282,280	146,828	135,452	135,305
Stormwater	-	-	-	-	793
Parks	10,000	10,000	-	10,000	-
Total Capital Outlay	<u>440,030</u>	<u>451,594</u>	<u>259,746</u>	<u>191,848</u>	<u>176,502</u>
Debt Service					
Principal	155,000	155,000	165,000	(10,000)	155,000
Interest	34,820	34,820	24,804	10,016	30,432
Total Debt Service	<u>189,820</u>	<u>189,820</u>	<u>189,804</u>	<u>16</u>	<u>185,432</u>
Total Expenditures	<u>\$ 2,256,637</u>	<u>\$ 2,277,601</u>	<u>\$ 2,103,001</u>	<u>\$ 174,600</u>	<u>\$ 1,925,216</u>

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





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

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 the major fund of the Town of Buchanan, Outagamie County, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Buchanan, Outagamie County, Wisconsin's basic financial statements, and have issued our report thereon which included a basis of accounting paragraph as indicated on page 2 dated February 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Buchanan, Outagamie County, 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, Outagamie County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Buchanan, Outagamie County, 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 in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-002 to be significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Buchanan, Outagamie County, 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**

Town of Buchanan, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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, Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
February 26, 2014

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
 Schedule of Findings and Responses  
 For the Year Ended December 31, 2013

**Section I - Internal Control Over Financial Reporting**

Finding No.	Control Deficiencies
-------------	----------------------

**2013-001      Segregation of Duties – Treasurer/Deputy Clerk**

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

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

**Cause:** The lack of segregation of duties is due to the limited number of employees and the size of Town's operations.

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

**Recommendation:** We recommend the Town Administrator and Town Board implement procedures to monitor the transactions and the financial records of the Town.

**Management Response:** Management has started implementing procedures to monitor the transactions and financial records of the Town in 2014. Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
 Schedule of Findings and Responses (Continued)  
 For the Year Ended December 31, 2013

**Section I - Internal Control Over Financial Reporting (Continued)**

Finding No.	Control Deficiencies
-------------	----------------------

**2013-002      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 assist in the preparation of the annual financial report.

**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. 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 Treasurer/Deputy Clerk and Town Administrator will continue to review the financial reports.

**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, 2013.