

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
December 31, 2015

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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 modified cash basis 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, 2015, 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 auditors consider 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 modified cash basis financial position of the governmental activities and the major fund of the Town as of December 31, 2015, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting 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 opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note A.4.d, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on pages 22 and 23 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other 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 relates 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's 2014 modified cash basis financial statements, and our report dated March 10, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016, 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 10, 2016

BASIC FINANCIAL STATEMENTS

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position - Modified Cash Basis
Governmental Activities
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	Governmental Activities	
	2015	2014
ASSETS		
Cash and investments	\$ 6,332,250	\$ 6,747,742
Restricted cash and investments - debt proceeds	1,401,177	-
TOTAL ASSETS	<u>7,733,427</u>	<u>6,747,742</u>
LIABILITIES		
Payroll liabilities	2,436	2,849
Due to other governments	4,575,098	4,522,997
Unearned revenue	199,656	194,575
Special deposits	31,644	342
TOTAL LIABILITIES	<u>4,808,834</u>	<u>4,720,763</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes	882,421	867,961
NET POSITION		
Restricted for:		
Park improvements	12,843	41,914
Fire department	28,269	25,498
Road improvements	1,401,177	-
Unrestricted	599,883	1,091,606
TOTAL NET POSITION	<u>\$ 2,042,172</u>	<u>\$ 1,159,018</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, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

Functions/Programs	Expenses Paid	Program Revenues Collected			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2015	2014
Governmental Activities						
General government	\$ 429,552	\$ 47,428	\$ -	\$ -	\$ (382,124)	\$ (316,782)
Public safety	599,828	41,179	25,586	-	(533,063)	(504,392)
Public works	2,535,482	332,145	181,691	-	(2,021,646)	(695,173)
Culture and recreation	40,131	-	-	1,920	(38,211)	(14,133)
Conservation and development	5,785	15,571	-	-	9,786	(14,093)
Principal and interest on long-term debt	182,593	-	-	-	(182,593)	(188,798)
Total Governmental Activities	\$ 3,793,371	\$ 436,323	\$ 207,277	\$ 1,920	(3,147,851)	(1,733,371)
General revenues						
Property taxes, levied for general purposes					1,885,758	1,522,580
Other taxes					5,583	3,389
State and federal aids not restricted to specific functions					78,841	78,169
Interest and investment earnings					15,638	21,963
Proceeds of long term debt					2,000,000	-
Miscellaneous					45,185	43,083
Total general revenues					4,031,005	1,669,184
Change in net position					883,154	(64,187)
Net position - January 1					1,159,018	1,223,205
Net position - December 31					\$ 2,042,172	\$ 1,159,018

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

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Statement of Assets, Liabilities, Deferred Inflows of Resources and Fund Balance -
General Fund
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
ASSETS		
Cash and investments	\$ 6,332,250	\$ 6,747,742
Restricted cash and investments - debt proceeds	1,401,177	-
Total Assets	<u>\$ 7,733,427</u>	<u>\$ 6,747,742</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Payroll liabilities	\$ 2,436	\$ 2,849
Due to other governments	4,575,098	4,522,997
Unearned revenue	199,656	194,575
Special deposits	31,644	342
Total Liabilities	<u>4,808,834</u>	<u>4,720,763</u>
Deferred Inflows of Resources		
Property taxes	<u>882,421</u>	<u>867,961</u>
Fund Balance		
Restricted for:		
Park improvements	12,843	41,914
Fire department	28,269	25,498
Road improvements	1,401,177	-
Committed for:		
Fire/EMS communication equipment	3,056	3,053
Intersection improvements	74,336	523,886
Building improvement	31,646	21,601
Fire apparatus	76,540	76,405
Trail development	15,042	10,024
Assigned for:		
Self-contained breathing apparatus (SCBA)	104,000	-
Unassigned	<u>295,263</u>	<u>456,637</u>
Total Fund Balance	<u>2,042,172</u>	<u>1,159,018</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 7,733,427</u>	<u>\$ 6,747,742</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 Change in Fund Balance
General Fund
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	2015	2014
Revenues		
Taxes	\$ 1,891,341	\$ 1,525,969
Intergovernmental	282,993	285,170
Licenses and permits	99,060	104,098
Fines, forfeits and penalties	25,898	15,404
Public charges for services	352,740	290,629
Intergovernmental charges for services	1,905	1,884
Miscellaneous	22,588	32,767
Total Revenues	<u>2,676,525</u>	<u>2,255,921</u>
Expenditures		
General government	408,268	366,828
Public safety	590,555	530,565
Public works	620,780	625,058
Culture and recreation	5,589	18,173
Conservation and development	5,785	9,096
Capital outlay	1,979,801	581,590
Debt service		
Principal	170,000	170,000
Interest	12,593	18,798
Total Expenditures	<u>3,793,371</u>	<u>2,320,108</u>
Excess of Revenues Under Expenditures	(1,116,846)	(64,187)
Other Financing Sources		
Proceeds of long term debt	<u>2,000,000</u>	-
Net Change in Fund Balance	883,154	(64,187)
Fund Balance - January 1	<u>1,159,018</u>	<u>1,223,205</u>
Fund Balance - December 31	<u>\$ 2,042,172</u>	<u>\$ 1,159,018</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 Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,885,308	\$ 1,885,308	\$ 1,891,341	\$ 6,033
Intergovernmental	362,774	362,774	282,993	(79,781)
Licenses and permits	70,495	70,495	99,060	28,565
Fines, forfeits and penalties	14,155	14,155	25,898	11,743
Public charges for services	301,480	301,480	352,740	51,260
Intergovernmental charges for services	1,900	1,900	1,905	5
Miscellaneous	20,500	20,500	22,588	2,088
Total Revenues	2,656,612	2,656,612	2,676,525	19,913
Expenditures				
General government	419,146	419,146	408,268	10,878
Public safety	662,069	662,069	590,555	71,514
Public works	646,522	646,522	620,780	25,742
Culture and recreation	10,500	10,500	5,589	4,911
Conservation and development	7,405	7,405	5,785	1,620
Capital outlay	2,570,350	2,570,350	1,979,801	590,549
Debt service				
Principal	170,000	170,000	170,000	-
Interest	12,593	12,593	12,593	-
Total Expenditures	4,498,585	4,498,585	3,793,371	705,214
Excess of Revenues Under Expenditures	(1,841,973)	(1,841,973)	(1,116,846)	725,127
Other Financing Sources (Uses)				
Proceeds of long term debt	1,397,000	1,397,000	2,000,000	603,000
Contingency and reserves	(70,027)	(70,027)	-	70,027
Total Other Financing Sources (Uses)	1,326,973	1,326,973	2,000,000	673,027
Net Change in Fund Balance	(515,000)	(515,000)	883,154	1,398,154
Fund Balance - January 1	1,159,018	1,159,018	1,159,018	-
Fund Balance - December 31	\$ 644,018	\$ 644,018	\$ 2,042,172	\$ 1,398,154

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, 2015

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, 2015

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. 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 has no item that qualifies for reporting in this category in the statement of net position under the modified cash basis of accounting.

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.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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.

d. Pensions

The Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. Under the modified cash basis of accounting, the Town continues to recognize pension costs when funded rather than as employment services are provided; however, pension disclosures under the new standards are included in Note C.4 and as required supplementary information.

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

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.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2014, from which the summarized information was derived.

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, 2015.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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 \$7,733,427 on December 31, 2015 as summarized below:

Cash on hand	\$ 200
Deposits with financial institutions	7,733,227
	\$ 7,733,427

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 6,332,250
Restricted cash and investments - debt proceeds	1,401,177
	\$ 7,733,427

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.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit 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, 2015, \$6,833,641 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$5,834,404 was collateralized with securities held by the third party intermediary for the Town. The remaining bank balance of \$999,237 was uninsured and uncollateralized.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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, 2015:

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
General Obligation Debt					
Promissory Note	\$ 345,000	\$ -	\$ 170,000	\$ 175,000	\$ 175,000
State Trust Fund Loan	-	2,000,000	-	2,000,000	-
Total General Obligation Debt	<u>\$ 345,000</u>	<u>\$ 2,000,000</u>	<u>\$ 170,000</u>	<u>\$ 2,175,000</u>	<u>\$ 175,000</u>

Total interest paid during the year on long-term debt totaled \$12,593.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

General obligation notes payable

\$1,410,000 promissory note issued 12/12/2007; balance of \$175,000 due in 2016; interest 3.65%	\$ 175,000
\$2,000,000 state trust fund loan issued 9/23/2015; \$167,803 to \$255,486 due annually from 2017 to 2025; interest 3.25%	<u>2,000,000</u>

Total Outstanding General Obligation Debt \$ 2,175,000

Annual principal and interest maturities of the outstanding general obligation debt of \$2,175,000 on December 31, 2015 are payable by the general fund as shown below:

Year Ended December 31	Principal	Interest	Total
2016	\$ 175,000	\$ 6,388	\$ 181,388
2017	167,803	95,986	263,789
2018	204,243	56,546	260,789
2019	210,881	52,909	263,790
2020	217,609	46,181	263,790
2021-2025	1,199,464	122,484	1,321,948
	<u>\$ 2,175,000</u>	<u>\$ 380,494</u>	<u>\$ 2,555,494</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2015 was \$27,078,410 as follows:

Equalized valuation of the Town	\$ 585,068,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>29,253,410</u>
Total outstanding general obligation debt applicable to debt limitation	2,175,000
Legal Margin for New Debt	<u>\$ 27,078,410</u>

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Pension Plan

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

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

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

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

The WRS also provides death and disability benefits for employees.

b. Post-Retirement Adjustments

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

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

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

c. Contributions

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

During the reporting period, the WRS recognized \$12,259 in contributions from the Town.

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the Town's proportionate share of the net pension asset totaled \$30,359. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Town's proportion was 0.00123597%, which was a decrease of 0.00002009% from its proportion measured as of December 31, 2013. Because the Town's basic financial statements are prepared on the modified cash basis of accounting, the net pension asset is not reported as an asset in the Town's financial statements.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended December 31, 2015, the Town recognized 2015 employer contributions of \$10,377 as expenditures in its financial statements under the modified cash basis of accounting while the Town's proportionate share of pension expense was \$12,094. The 2015 employer contributions of \$10,377 represent Town contributions subsequent to the measurement date and will be recognized in the determination of the Town's net pension asset for the year ended December 31, 2016.

At December 31, 2015, the Town's deferred outflows of resources related to pensions totaled \$19,896 from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 4,401
Net differences between projected and actual earnings on pension plan investments	14,701
Changes in proportion and differences between employer contributions and proportionate share of contributions	794
Total	\$ 19,896

Deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources
2015	\$ 4,540
2016	4,540
2017	4,540
2018	4,540
2019	1,736

e. Actuarial Assumption

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

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

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Town's proportionate share of the net pension asset (liability)	\$ (85,647)	\$ 30,359	\$ 121,976

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

f. Payable to the WRS

At December 31, 2015 the Town reported a payable of \$1,421 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

5. 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:

2015 General Fund Operating Budget as defined by policy	\$1,745,643
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Account	\$261,800 - \$436,400

The Town's unassigned fund balance at December 31, 2015 was \$295,263, which includes \$246,897 held in a contingency fund. The Town has met their minimum fund balance policy.

NOTE D - OTHER INFORMATION

1. 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.

2. 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.

3. 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 2014 and 2015 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 2015 budget was 1.18%. The actual limit for the Town for the 2016 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.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION (Continued)

4. Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Schedule of Proportionate Share of the Net Pension Asset
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Proportion of the net pension asset	0.00123597%
Proportionate share of the net pension asset	\$ 30,359
Covered-employee payroll	\$ 175,133
Plan fiduciary net position as a percentage of the total pension asset	102.74%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
 Schedule of Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 12,259
Contributions in relation to the contractually required contributions	\$ 12,259
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 175,133
Contributions as a percentage of covered-employee payroll	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The Town implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – *An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in WRS.

SUPPLEMENTARY INFORMATION

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Revenues Collected - Budget and Actual
For the Year Ended December 31, 2015

(With Summarized Actual Financial Information for the Year Ended December 31, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
Taxes					
Property taxes	\$ 1,883,418	\$ 1,883,418	\$ 1,885,758	\$ 2,340	\$ 1,522,580
Forest crop and managed forest land taxes	68	68	82	14	82
Interest and penalties on taxes	-	-	537	537	311
Other taxes	1,822	1,822	4,964	3,142	2,996
Total Taxes	1,885,308	1,885,308	1,891,341	6,033	1,525,969
Intergovernmental					
State aid					
Shared taxes	73,292	73,292	73,751	459	73,768
Fire insurance	20,600	20,600	22,461	1,861	23,271
Exempt computer aid	2,100	2,100	3,461	1,361	2,772
Transportation aid	101,226	101,226	101,226	-	102,794
Forest croplands	20	20	16	(4)	16
Other	-	-	1,613	1,613	1,613
Other local aids					
County bridge aid	80,000	80,000	-	(80,000)	-
Valley Transit	47,026	47,026	48,566	1,540	41,487
Recycling	38,510	38,510	31,899	(6,611)	39,449
Total Intergovernmental	362,774	362,774	282,993	(79,781)	285,170
Licenses and Permits					
Business and occupational	52,545	52,545	57,130	4,585	74,268
Dog licenses	1,000	1,000	1,570	570	990
Building permits and inspections	13,500	13,500	31,640	18,140	22,495
Zoning and permit fees	3,450	3,450	6,905	3,455	6,295
Other permits	-	-	1,815	1,815	50
Total Licenses and Permits	70,495	70,495	99,060	28,565	104,098
Fines, Forfeits and Penalties					
Law and ordinance violations	14,155	14,155	25,898	11,743	15,404
Public Charges for Services					
General government	100	100	4,160	4,060	3,236
Fire protection fees	8,400	8,400	13,149	4,749	11,920
Transportation	10,000	10,000	51,935	41,935	12,077
Sanitation and utilities	278,980	278,980	280,210	1,230	256,217
Drainage	4,000	4,000	1,366	(2,634)	3,339
Park impact fees	-	-	1,920	1,920	3,840
Total Public Charges for Services	301,480	301,480	352,740	51,260	290,629

(Continued)

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Revenues Collected - Budget and Actual (Continued)
For the Year Ended December 31, 2015
(With Summarized Actual Financial Information for the Year Ended December 31, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
Intergovernmental Charges for Services					
Crossing guards	1,900	1,900	1,905	5	1,884
Miscellaneous					
Interest	18,000	18,000	15,638	(2,362)	21,963
Hall rental	2,500	2,500	3,825	1,325	3,650
Donations	-	-	3,125	3,125	7,154
Total Miscellaneous	20,500	20,500	22,588	2,088	32,767
Total Revenues	\$ 2,656,612	\$ 2,656,612	\$ 2,676,525	\$ 19,913	\$ 2,255,921

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Expenditures Paid - Budget and Actual

For the Year Ended December 31, 2015

(With Summarized Actual Financial Information for the Year Ended December 31, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
General Government					
Legislative (Town Board)	\$ 31,930	\$ 31,930	\$ 30,954	\$ 976	\$ 31,763
Legal fees	33,000	33,000	22,739	10,261	15,773
General administration					
Elections	4,600	4,600	5,030	(430)	11,943
Office salaries and benefits	110,088	110,088	105,943	4,145	97,460
Office technology	8,724	8,724	7,206	1,518	3,316
Town administrator	83,999	83,999	83,048	951	78,003
Other general administration	43,522	43,522	53,474	(9,952)	32,162
Financial administration					
Accounting and auditing	6,350	6,350	6,600	(250)	6,500
Assessment	12,500	12,500	12,500	-	12,500
Treasurer	2,650	2,650	2,702	(52)	744
General buildings, Town hall					
Hall supplies and expenses	31,957	31,957	33,283	(1,326)	34,321
Maintenance workers	25,680	25,680	23,472	2,208	21,540
Other general government					
Insurance	21,250	21,250	19,558	1,692	19,311
Employee benefits	1,196	1,196	1,170	26	1,170
Other general government	1,700	1,700	589	1,111	322
Total General Government	419,146	419,146	408,268	10,878	366,828
Public Safety					
Law enforcement	400,002	400,002	378,284	21,718	302,302
Fire protection	157,847	157,847	149,373	8,474	133,477
Emergency medical services	31,600	31,600	22,671	8,929	30,334
Emergency management services	60,120	60,120	24,835	35,285	52,535
Building inspection	12,500	12,500	15,392	(2,892)	11,917
Total Public Safety	662,069	662,069	590,555	71,514	530,565
Public Works					
Highway and street maintenance	211,400	211,400	184,963	26,437	190,829
Road related facilities	34,068	34,068	40,412	(6,344)	43,239
Sanitation	321,982	321,982	321,732	250	315,289
Stormwater	18,300	18,300	22,655	(4,355)	15,606
Mass transit	60,772	60,772	51,018	9,754	60,095
Total Public Works	646,522	646,522	620,780	25,742	625,058
Culture and Recreation					
Parks	10,500	10,500	5,589	4,911	10,146
Recreation programs and events	-	-	-	-	8,027
Total Culture and Recreation	10,500	10,500	5,589	4,911	18,173

(Continued)

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Expenditures Paid - Budget and Actual (Continued)

For the Year Ended December 31, 2015

(With Summarized Actual Financial Information for the Year Ended December 31, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
Conservation and Development					
Planning and zoning	7,220	7,220	5,575	1,645	5,459
Economic development	185	185	210	(25)	3,637
Total Conservation and Development	7,405	7,405	5,785	1,620	9,096
Capital Outlay					
General government	8,500	8,500	21,284	(12,784)	3,254
Fire and rescue	114,500	114,500	4,372	110,128	40,591
Emergency management services	4,500	4,500	4,901	(401)	-
Roads and public works	2,224,350	2,224,350	1,754,409	469,941	524,762
Stormwater	160,000	160,000	160,293	(293)	12,983
Parks	58,500	58,500	34,542	23,958	-
Total Capital Outlay	2,570,350	2,570,350	1,979,801	590,549	581,590
Debt Service					
Principal	170,000	170,000	170,000	-	170,000
Interest	12,593	12,593	12,593	-	18,798
Total Debt Service	182,593	182,593	182,593	-	188,798
Total Expenditures	\$ 4,498,585	\$ 4,498,585	\$ 3,793,371	\$ 705,214	\$ 2,320,108

**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, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Buchanan's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated March 10, 2016.

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 a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 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 2014-002 to be a 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of 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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants
Green Bay, Wisconsin
March 10, 2016

TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2015

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
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2014-001 Segregation of Duties – Treasurer/Deputy Clerk

Condition: The Town has a combined treasurer/deputy clerk position to essentially complete or review and approve all financial and recordkeeping activities 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. In addition, the Town has not conducted a risk assessment and analysis of its internal controls to identify compensating controls and other potential opportunities to enhance its control structure.

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. We further recommend the Town complete a risk assessment and analysis of its internal controls to identify opportunities to strengthen and enhance controls over financial reporting.

Management Response: Management 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, 2014

Section I - Internal Control Over Financial Reporting (Continued)

Finding No.	Control Deficiencies
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2014-002 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 in an efficient manner. For the same reasons, the Town contracts with us to compile the Wisconsin Municipal Financial Report Form CT.

Criteria: The preparation and review of the annual financial report and the municipal 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 or other required State Financial reports.

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 and municipal 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, 2015.