

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
December 31, 2016

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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, 2016, 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, 2016, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 21 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 2015 modified cash basis financial statements, and our report dated March 10, 2016, 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, 2015, 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 April 25, 2017, 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  
April 25, 2017

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Statement of Net Position - Modified Cash Basis  
Governmental Activities  
December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	2016	2015
<b>ASSETS</b>		
Cash and investments	\$ 6,844,043	\$ 6,291,138
Restricted cash and investments - debt proceeds	683,238	1,442,289
<b>TOTAL ASSETS</b>	<b>7,527,281</b>	<b>7,733,427</b>
<b>LIABILITIES</b>		
Payroll liabilities	2,048	2,436
Due to other governments	4,622,611	4,575,098
Unearned revenue	223,059	199,656
Special deposits	26,549	31,644
<b>TOTAL LIABILITIES</b>	<b>4,874,267</b>	<b>4,808,834</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes collected for subsequent year	923,394	882,421
<b>NET POSITION</b>		
Restricted for:		
Park improvements	25,381	12,843
Fire department	20,385	28,269
Road improvements	637,472	1,401,177
Unrestricted	1,046,382	599,883
<b>TOTAL NET POSITION</b>	<b>\$ 1,729,620</b>	<b>\$ 2,042,172</b>

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, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

Functions/Programs	Expenditures Paid	Program Revenues Collected			Net (Expenditures) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2016	2015
<b>Governmental Activities</b>						
General government	\$ 397,387	\$ 62,548	\$ -	\$ -	\$ (334,839)	\$ (382,124)
Public safety	650,773	49,970	26,556	-	(574,247)	(533,063)
Public works	1,714,784	323,532	168,381	-	(1,222,871)	(2,021,646)
Culture and recreation	23,354	-	-	12,480	(10,874)	(38,211)
Conservation and development	36,362	13,175	-	-	(23,187)	9,786
Principal and interest on long-term debt	181,388	-	-	-	(181,388)	(182,593)
<b>Total Governmental Activities</b>	<b>\$ 3,004,048</b>	<b>\$ 449,225</b>	<b>\$ 194,937</b>	<b>\$ 12,480</b>	<b>(2,347,406)</b>	<b>(3,147,851)</b>
<b>General revenues collected:</b>						
Property taxes, levied for general purposes					1,891,886	1,885,758
Other taxes					3,622	5,583
State and federal aids not restricted to specific functions					80,737	78,841
Interest and investment earnings					8,816	15,638
Proceeds of long term debt					-	2,000,000
Miscellaneous					49,793	45,185
<b>Total general revenues</b>					<b>2,034,854</b>	<b>4,031,005</b>
<b>Change in net position</b>					<b>(312,552)</b>	<b>883,154</b>
<b>Net position - January 1</b>					<b>2,042,172</b>	<b>1,159,018</b>
<b>Net position - December 31</b>					<b>\$ 1,729,620</b>	<b>\$ 2,042,172</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, Deferred Inflows of Resources and Fund Balance -  
General Fund

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	2016	2015
<b>ASSETS</b>		
Cash and investments	\$ 6,844,043	\$ 6,291,138
Restricted cash and investments - debt proceeds	683,238	1,442,289
<b>Total Assets</b>	<b>\$ 7,527,281</b>	<b>\$ 7,733,427</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Payroll liabilities	\$ 2,048	\$ 2,436
Due to other governments	4,622,611	4,575,098
Unearned revenue	223,059	199,656
Special deposits	26,549	31,644
<b>Total Liabilities</b>	<b>4,874,267</b>	<b>4,808,834</b>
<b>Deferred Inflows of Resources</b>		
Property taxes collected for subsequent year	923,394	882,421
<b>Fund Balance</b>		
<b>Restricted for:</b>		
Park improvements	25,381	12,843
Fire department	20,385	28,269
Road improvements	637,472	1,401,177
<b>Committed for:</b>		
Fire/EMS communication equipment	-	3,056
Intersection improvements	74,471	74,336
Building improvement	41,706	31,646
Fire apparatus	136,675	76,540
Trail development	25,066	15,042
<b>Assigned for:</b>		
Roads and public works	105,000	-
Self-contained breathing apparatus (SCBA)	-	104,000
Unassigned	663,464	295,263
<b>Total Fund Balance</b>	<b>1,729,620</b>	<b>2,042,172</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 7,527,281</b>	<b>\$ 7,733,427</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 Change in Fund Balance  
General Fund  
For the Year Ended December 31, 2016  
(With Summarized Financial Information for the Year Ended December 31, 2015)

	2016	2015
<b>Revenues</b>		
Taxes	\$ 1,895,508	\$ 1,891,341
Intergovernmental	273,373	282,993
Licenses and permits	136,328	99,060
Fines, forfeits and penalties	13,857	25,898
Public charges for services	352,195	352,740
Intergovernmental charges for services	1,927	1,905
Miscellaneous	18,308	22,588
<b>Total Revenues</b>	<u>2,691,496</u>	<u>2,676,525</u>
<b>Expenditures</b>		
General government	385,971	408,268
Public safety	560,413	590,555
Public works	599,527	598,125
Culture and recreation	6,103	5,589
Conservation and development	36,362	28,440
Capital outlay	1,234,284	1,979,801
Debt service		
Principal	175,000	170,000
Interest	6,388	12,593
<b>Total Expenditures</b>	<u>3,004,048</u>	<u>3,793,371</u>
<b>Excess of Revenues Under Expenditures</b>	(312,552)	(1,116,846)
<b>Other Financing Sources</b>		
Proceeds of long term debt	-	2,000,000
<b>Net Change in Fund Balance</b>	(312,552)	883,154
<b>Fund Balance - January 1</b>	<u>2,042,172</u>	<u>1,159,018</u>
<b>Fund Balance - December 31</b>	<u>\$ 1,729,620</u>	<u>\$ 2,042,172</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,896,025	\$ 1,896,025	\$ 1,895,508	\$ (517)
Intergovernmental	281,323	281,323	273,373	(7,950)
Licenses and permits	70,495	70,495	136,328	65,833
Fines, forfeits and penalties	12,155	12,155	13,857	1,702
Public charges for services	315,740	315,740	352,195	36,455
Intergovernmental charges for services	1,900	1,900	1,927	27
Miscellaneous	20,500	20,500	18,308	(2,192)
<b>Total Revenues</b>	<b>2,598,138</b>	<b>2,598,138</b>	<b>2,691,496</b>	<b>93,358</b>
<b>Expenditures</b>				
General government	420,658	420,658	385,971	34,687
Public safety	634,266	634,266	560,413	73,853
Public works	644,085	644,085	599,527	44,558
Culture and recreation	13,500	13,500	6,103	7,397
Conservation and development	30,198	30,198	36,362	(6,164)
Capital outlay	1,495,196	1,495,196	1,234,284	260,912
Debt service				
Principal	175,000	175,000	175,000	-
Interest	6,388	6,388	6,388	-
<b>Total Expenditures</b>	<b>3,419,291</b>	<b>3,419,291</b>	<b>3,004,048</b>	<b>415,243</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(821,153)</b>	<b>(821,153)</b>	<b>(312,552)</b>	<b>508,601</b>
<b>Other Financing Uses</b>				
Contingency and reserves	(80,000)	(80,000)	-	80,000
<b>Net Change in Fund Balance</b>	<b>(901,153)</b>	<b>(901,153)</b>	<b>(312,552)</b>	<b>588,601</b>
<b>Fund Balance - January 1</b>	<b>2,042,172</b>	<b>2,042,172</b>	<b>2,042,172</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,141,019</b>	<b>\$ 1,141,019</b>	<b>\$ 1,729,620</b>	<b>\$ 588,601</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, 2016

**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.

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.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

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

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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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 items that qualifies for reporting in this category, deferred property taxes. This amount is deferred and recognized as an inflow of resources in the subsequent year for which it was levied.

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 expenditures in the statement of activities and no liability is reported on the statement of net position.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

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

d. Pensions

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 liability (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.

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.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

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

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, 2015, 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, 2016.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**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 \$7,527,281 on December 31, 2016 as summarized below:

Cash on hand	\$ 200
Deposits with financial institutions	7,527,081
	\$ 7,527,281

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 6,889,809
Restricted cash and investments - debt proceeds	637,472
	\$ 7,527,281

Fair Value Measurements

The Town adopted GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

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



**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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, 2016, \$7,197,408 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,054,194 was collateralized with securities held by the third party intermediary for the Town. The remaining bank balance of \$1,143,214 was uninsured and uncollateralized.

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.

3. Long-term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2016:

	Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
General Obligation Debt					
Promissory Note	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -
State Trust Fund Loan	2,000,000	-	-	2,000,000	167,803
Total General Obligation Debt	<u>\$ 2,175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 2,000,000</u>	<u>\$ 167,803</u>

Total interest paid during the year on long-term debt totaled \$6,388.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

General obligation notes payable

\$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%

\$ 2,000,000

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$2,000,000 on December 31, 2016 are payable by the general fund as shown below:

Year Ended December 31	Principal	Interest	Total
2017	\$ 167,803	\$ 95,986	\$ 263,789
2018	204,243	59,546	263,789
2019	210,881	52,909	263,790
2020	217,609	46,181	263,790
2021	224,807	38,983	263,790
2022-2025	974,657	80,501	1,055,158
	<u>\$ 2,000,000</u>	<u>\$ 374,106</u>	<u>\$ 2,374,106</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2016 was \$28,408,985 as follows:

Equalized valuation of the Town	\$ 608,179,700
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	30,408,985
Total outstanding general obligation debt applicable to debt limitation	2,000,000
Legal Margin for New Debt	\$ 28,408,985

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.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2015	2.9	2

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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 \$10,377 in contributions from the Town.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the Town reported a liability of \$18,496 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Town's proportion was 0.00113824%, which was a decrease of 0.00009773% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of \$23,118.

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,129	\$ 38,925
Changes in assumptions	12,941	-
Net differences between projected and actual earnings on pension plan investments	75,729	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,248	-
<b>Total</b>	<b>\$ 95,047</b>	<b>\$ 38,925</b>

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 24,653	\$ 9,420
2017	24,653	9,420
2018	24,653	9,420
2019	20,589	9,420
2020	499	1,245
	<b>\$ 95,047</b>	<b>\$ 38,925</b>

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive				
Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

*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 3.57%. 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 liability (asset) to changes in the discount rate.* The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Town's proportionate share of the net pension liability (asset)	\$ 129,733	\$ 18,496	\$ (68,381)

*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://etf.wi.gov/publications/cafr.htm>.

f. Payable to the WRS

At December 31, 2016 the Town reported a payable of \$1,388 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
 Notes to Basic Financial Statements  
 December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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:

2016 General Fund Operating Budget as defined by policy	\$1,742,707
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Account	\$261,400 - \$435,600

The Town's unassigned fund balance at December 31, 2016 was \$663,464, which includes \$251,105 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 legal counsel, that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

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 2016 and 2017 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 2016 budget was 0.70%. The actual limit for the Town for the 2017 budget was 1.315%. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00123597%	\$ (30,359)	\$ 175,133	17.33%	102.74%
12/31/16	0.00113824%	18,496	148,251	12.48%	98.20%

Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 12,259	\$ 12,259	\$ -	\$ 175,133	7.00%
12/31/16	10,377	10,377	-	148,251	7.00%

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Revenues Collected - Budget and Actual  
For the Year Ended December 31, 2016

(With Summarized Actual Financial Information for the Year Ended December 31, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Taxes</b>					
Property taxes	\$ 1,894,135	\$ 1,894,135	\$ 1,891,886	\$ (2,249)	\$ 1,885,758
Forest crop and managed forest land taxes	68	68	82	14	82
Interest and penalties on taxes	500	500	155	(345)	537
Other taxes	1,322	1,322	3,385	2,063	4,964
<b>Total Taxes</b>	<b>1,896,025</b>	<b>1,896,025</b>	<b>1,895,508</b>	<b>(517)</b>	<b>1,891,341</b>
<b>Intergovernmental</b>					
State aid					
Shared taxes	73,750	73,750	73,390	(360)	73,751
Fire insurance	20,600	20,600	24,255	3,655	22,461
Exempt computer aid	2,100	2,100	2,753	653	3,461
Transportation aid	102,236	102,236	102,186	(50)	101,226
Forest croplands	20	20	52	32	16
Other	-	-	4,542	4,542	1,613
Other local aids					
Valley Transit	44,107	44,107	34,082	(10,025)	48,566
Recycling	38,510	38,510	32,113	(6,397)	31,899
<b>Total Intergovernmental</b>	<b>281,323</b>	<b>281,323</b>	<b>273,373</b>	<b>(7,950)</b>	<b>282,993</b>
<b>Licenses and Permits</b>					
Business and occupational	52,545	52,545	87,154	34,609	57,130
Dog licenses	1,000	1,000	1,785	785	1,570
Building permits and inspections	13,500	13,500	41,479	27,979	31,640
Zoning and permit fees	3,450	3,450	4,185	735	6,905
Other permits	-	-	1,725	1,725	1,815
<b>Total Licenses and Permits</b>	<b>70,495</b>	<b>70,495</b>	<b>136,328</b>	<b>65,833</b>	<b>99,060</b>
<b>Fines, Forfeits and Penalties</b>					
Law and ordinance violations	12,155	12,155	13,857	1,702	25,898
<b>Public Charges for Services</b>					
General government	2,500	2,500	4,084	1,584	4,160
Fire protection fees	6,000	6,000	11,509	5,509	13,149
Transportation	22,000	22,000	39,877	17,877	51,935
Sanitation and utilities	281,240	281,240	283,655	2,415	280,210
Drainage	4,000	4,000	590	(3,410)	1,366
Park impact fees	-	-	12,480	12,480	1,920
<b>Total Public Charges for Services</b>	<b>315,740</b>	<b>315,740</b>	<b>352,195</b>	<b>36,455</b>	<b>352,740</b>

(Continued)

**TOWN OF BUCHANAN  
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Revenues Collected - Budget and Actual (Continued)  
For the Year Ended December 31, 2016  
(With Summarized Actual Financial Information for the Year Ended December 31, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Intergovernmental Charges for Services</b>					
Crossing guards	1,900	1,900	1,927	27	1,905
<b>Miscellaneous</b>					
Interest	18,000	18,000	8,816	(9,184)	15,638
Hall rental	2,500	2,500	2,513	13	3,825
Sale of other property	-	-	4,678	4,678	-
Donations	-	-	2,301	2,301	3,125
<b>Total Miscellaneous</b>	<b>20,500</b>	<b>20,500</b>	<b>18,308</b>	<b>(2,192)</b>	<b>22,588</b>
<b>Total Revenues</b>	<b>\$ 2,598,138</b>	<b>\$ 2,598,138</b>	<b>\$ 2,691,496</b>	<b>\$ 93,358</b>	<b>\$ 2,676,525</b>

**TOWN OF BUCHANAN  
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Expenditures Paid - Budget and Actual  
For the Year Ended December 31, 2016

(With Summarized Actual Financial Information for the Year Ended December 31, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>General Government</b>					
Legislative (Town Board)	\$ 32,005	\$ 32,005	\$ 32,477	\$ (472)	\$ 30,954
Legal fees	30,000	30,000	19,976	10,024	22,739
<b>General administration</b>					
Elections	14,000	14,000	16,697	(2,697)	5,030
Office salaries and benefits	108,625	108,625	106,026	2,599	105,943
Office technology	10,700	10,700	7,927	2,773	7,206
Town administrator	85,612	85,612	84,313	1,299	83,048
Other general administration	35,418	35,418	34,330	1,088	53,474
<b>Financial administration</b>					
Accounting and auditing	6,600	6,600	6,700	(100)	6,600
Assessment	12,500	12,500	12,916	(416)	12,500
Treasurer	2,650	2,650	2,359	291	2,702
<b>General buildings, Town hall</b>					
Hall supplies and expenses	31,957	31,957	25,087	6,870	33,283
Maintenance workers	26,445	26,445	21,817	4,628	23,472
<b>Other general government</b>					
Insurance	21,250	21,250	14,087	7,163	19,558
Employee benefits	1,196	1,196	1,140	56	1,170
Other general government	1,700	1,700	119	1,581	589
<b>Total General Government</b>	<b>420,658</b>	<b>420,658</b>	<b>385,971</b>	<b>34,687</b>	<b>408,268</b>
<b>Public Safety</b>					
Law enforcement	405,763	405,763	367,418	38,345	378,284
Fire protection	177,803	177,803	147,113	30,690	149,373
Emergency medical services	31,600	31,600	26,446	5,154	22,671
Emergency management services	3,500	3,500	1,980	1,520	24,835
Building inspection	15,600	15,600	17,456	(1,856)	15,392
<b>Total Public Safety</b>	<b>634,266</b>	<b>634,266</b>	<b>560,413</b>	<b>73,853</b>	<b>590,555</b>
<b>Public Works</b>					
Highway and street maintenance	221,900	221,900	162,610	59,290	184,963
Road related facilities	41,068	41,068	50,244	(9,176)	40,412
Sanitation	324,372	324,372	325,290	(918)	321,732
Mass transit	56,745	56,745	61,383	(4,638)	51,018
<b>Total Public Works</b>	<b>644,085</b>	<b>644,085</b>	<b>599,527</b>	<b>44,558</b>	<b>598,125</b>
<b>Culture and Recreation</b>					
Parks	13,000	13,000	6,103	6,897	5,589
Recreation programs and events	500	500	-	500	-
<b>Total Culture and Recreation</b>	<b>13,500</b>	<b>13,500</b>	<b>6,103</b>	<b>7,397</b>	<b>5,589</b>

(Continued)

**TOWN OF BUCHANAN  
OUTAGAMIE COUNTY, WISCONSIN**

Detailed Schedule of General Fund Expenditures Paid - Budget and Actual (Continued)  
For the Year Ended December 31, 2016  
(With Summarized Actual Financial Information for the Year Ended December 31, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual
	Original	Final			
<b>Conservation and Development</b>					
Planning and zoning	5,220	5,220	4,050	1,170	5,575
Economic development	3,678	3,678	3,687	(9)	210
Stormwater, erosion and drainage	21,300	21,300	28,625	(7,325)	22,655
<b>Total Conservation and Development</b>	<b>30,198</b>	<b>30,198</b>	<b>36,362</b>	<b>(6,164)</b>	<b>28,440</b>
<b>Capital Outlay</b>					
General government	59,000	59,000	11,416	47,584	21,284
Fire and rescue	213,400	213,400	90,360	123,040	4,372
Emergency management services	-	-	-	-	4,901
Roads and public works	1,058,921	1,058,921	1,114,253	(55,332)	1,754,409
Stormwater	106,375	106,375	1,004	105,371	160,293
Parks	57,500	57,500	17,251	40,249	34,542
<b>Total Capital Outlay</b>	<b>1,495,196</b>	<b>1,495,196</b>	<b>1,234,284</b>	<b>260,912</b>	<b>1,979,801</b>
<b>Debt Service</b>					
Principal	175,000	175,000	175,000	-	170,000
Interest	6,388	6,388	6,388	-	12,593
<b>Total Debt Service</b>	<b>181,388</b>	<b>181,388</b>	<b>181,388</b>	<b>-</b>	<b>182,593</b>
<b>Total Expenditures</b>	<b>\$ 3,419,291</b>	<b>\$ 3,419,291</b>	<b>\$ 3,004,048</b>	<b>\$ 415,243</b>	<b>\$ 3,793,371</b>

**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, 2016, 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 April 25, 2017.

**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 2016-001 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 2016-002 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 Responses to Findings**

Town of Buchanan, Wisconsin's responses to the findings identified in our audit are 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 them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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  
April 25, 2017

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
 Schedule of Findings and Responses  
 For the Year Ended December 31, 2016

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

Finding No.	Control Deficiencies
<b>2016-001</b>	<p><b>Segregation of Duties - Treasurer/Deputy Clerk</b></p> <p>Repeat of Finding 2014-001</p> <p><b>Condition:</b> 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.</p> <p><b>Criteria:</b> 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.</p> <p><b>Cause:</b> 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.</p> <p><b>Effect:</b> 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.</p> <p><b>Recommendation:</b> 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.</p> <p><b>Management Response:</b> 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.</p>

**TOWN OF BUCHANAN**  
**OUTAGAMIE COUNTY, WISCONSIN**  
 Schedule of Findings and Responses (Continued)  
 For the Year Ended December 31, 2016

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

Finding No.	Control Deficiencies
<b>2016-002</b>	<p><b>Preparation of Annual Financial Report</b></p> <p>Repeat of Finding 2014-001</p> <p><b>Condition:</b> 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.</p> <p><b>Criteria:</b> 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.</p> <p><b>Cause:</b> 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.</p> <p><b>Effect:</b> 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</p> <p><b>Recommendation:</b> 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.</p> <p><b>Management Response:</b> The Town Treasurer/Deputy Clerk and Town Administrator will continue to review the financial reports.</p>

**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, 2016.