

Town of Buchanan
Outagamie County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

Town of Buchanan Outagamie County, Wisconsin

DECEMBER 31, 2017

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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 major fund of the Town of Buchanan, Outagamie County, Wisconsin (the "Town") as of and for the year ended December 31, 2017, 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 1; 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 major fund of the Town as of December 31, 2017, 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 1.

BASIS OF ACCOUNTING

We draw attention to Note 1 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 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 basic financial statements. 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 basic 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's 2016 financial statements, and our report dated April 25, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities and major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 30, 2018, 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 30, 2018

BASIC FINANCIAL STATEMENTS

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	Governmental Activities	
	2017	2016
ASSETS		
Cash and investments	\$ 6,825,364	\$ 6,844,043
Restricted cash and investments	51,150	683,238
Prepaid items	21,604	-
Total assets	6,898,118	7,527,281
LIABILITIES		
Accrued and other current liabilities	2,297	2,048
Due to other governments	5,156,615	4,622,611
Special deposits	24,435	26,549
Unearned revenues	246,123	223,059
Total liabilities	5,429,470	4,874,267
DEFERRED INFLOWS OF RESOURCES		
Property taxes collected for subsequent year	1,065,164	923,394
NET POSITION		
Restricted	51,150	683,238
Unrestricted	352,334	1,046,382
Total net position	\$ 403,484	\$ 1,729,620

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
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenditures Paid	Program Revenues Collected		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 519,158	\$ 27,780	\$ -	\$ -
Public safety	725,304	35,289	26,733	-
Public works	2,531,491	355,084	205,335	-
Culture and recreation	65,146	-	-	6,010
Conservation and development	23,492	16,633	-	-
Principal and interest on long-term debt	263,789	-	-	-
Total governmental activities	<u>\$ 4,128,380</u>	<u>\$ 434,786</u>	<u>\$ 232,068</u>	<u>\$ 6,010</u>
General revenues collected				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Total general revenues collected				
Change in net position				
Net position - January 1				
Net position - December 31				

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

**Net (Expenditures) Revenue
and Changes in Net Position**

Totals	
2017	2016
\$ (491,378)	\$ (334,839)
(663,282)	(574,247)
(1,971,072)	(1,222,871)
(59,136)	(10,874)
(6,859)	(23,187)
<u>(263,789)</u>	<u>(181,388)</u>
<u>(3,455,516)</u>	<u>(2,347,406)</u>
1,997,826	1,891,886
2,191	3,622
78,574	80,737
8,406	8,816
<u>42,383</u>	<u>49,793</u>
<u>2,129,380</u>	<u>2,034,854</u>
(1,326,136)	(312,552)
<u>1,729,620</u>	<u>2,042,172</u>
<u>\$ 403,484</u>	<u>\$ 1,729,620</u>

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE
GOVERNMENTAL FUND - MODIFIED CASH BASIS
DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	General Fund	
	2017	2016
ASSETS		
Cash and investments	\$ 6,825,364	\$ 6,844,043
Restricted cash and investments	51,150	683,238
Prepaid items	21,604	-
Total assets	<u>\$ 6,898,118</u>	<u>\$ 7,527,281</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accrued and other current liabilities	\$ 2,297	\$ 2,048
Due to other governments	5,156,615	4,622,611
Special deposits	24,435	26,549
Unearned revenues	246,123	223,059
Total liabilities	<u>5,429,470</u>	<u>4,874,267</u>
Deferred inflows of resources		
Property taxes collected for subsequent year	1,065,164	923,394
Fund balance		
Nonspendable for prepaid items	21,604	-
Restricted	51,150	683,238
Committed	288,447	277,918
Assigned	-	105,000
Unassigned	42,283	663,464
Total fund balance	<u>403,484</u>	<u>1,729,620</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,898,118</u>	<u>\$ 7,527,281</u>

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

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	
	2017	2016
REVENUES		
Taxes	\$ 2,000,017	\$ 1,895,508
Intergovernmental	310,442	273,373
Licenses and permits	95,893	136,328
Fines and forfeits	10,250	13,857
Public charges for services	373,032	352,195
Intergovernmental charges for services	2,504	1,927
Miscellaneous	10,106	18,308
Total revenues	2,802,244	2,691,496
EXPENDITURES		
Current		
General government	428,250	385,971
Public safety	725,304	560,413
Public works	589,202	599,527
Culture and recreation	8,870	6,103
Conservation and development	23,492	36,362
Debt service		
Principal	167,803	175,000
Interest and fiscal charges	95,986	6,388
Capital outlay	2,089,473	1,234,284
Total expenditures	4,128,380	3,004,048
Net change in fund balance	(1,326,136)	(312,552)
Fund balance - January 1	1,729,620	2,042,172
Fund balance - December 31	\$ 403,484	\$ 1,729,620

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

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Taxes	\$ 2,001,292	\$ 2,001,292	\$ 2,000,017	\$ (1,275)	\$ 1,895,508
Intergovernmental	292,450	292,450	310,442	17,992	273,373
Licenses and permits	73,895	73,895	95,893	21,998	136,328
Fines and forfeits	12,150	12,150	10,250	(1,900)	13,857
Public charges for services	325,866	325,866	373,032	47,166	352,195
Intergovernmental charges for services	1,900	1,900	2,504	604	1,927
Miscellaneous	21,295	21,295	10,106	(11,189)	18,308
Total revenues	2,728,848	2,728,848	2,802,244	73,396	2,691,496
EXPENDITURES					
Current					
General government	430,877	430,877	428,250	2,627	385,971
Public safety	631,445	631,445	725,304	(93,859)	560,413
Public works	647,120	647,120	589,202	57,918	599,527
Culture and recreation	13,500	13,500	8,870	4,630	6,103
Conservation and development	30,438	30,438	23,492	6,946	36,362
Debt service					
Principal	167,803	167,803	167,803	-	175,000
Interest and fiscal charges	95,986	95,986	95,986	-	6,388
Capital outlay	1,880,238	1,880,238	2,089,473	(209,235)	1,234,284
Total expenditures	3,897,407	3,897,407	4,128,380	(230,973)	3,004,048
Excess of revenues under expenditures	(1,168,559)	(1,168,559)	(1,326,136)	(157,577)	(312,552)
OTHER FINANCING SOURCES					
Long-term debt issued	490,060	490,060	-	(490,060)	-
Net change in fund balance	(678,499)	(678,499)	(1,326,136)	(647,637)	(312,552)
Fund balance - January 1	1,729,620	1,729,620	1,729,620	-	2,042,172
Fund balance - December 31	\$ 1,051,121	\$ 1,051,121	\$ 403,484	\$ (647,637)	\$ 1,729,620

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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 equity, revenues, and expenditures are recognized when they result from cash transactions. A provision for depreciation is not included in the government-wide statements. 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:

A. REPORTING ENTITY

The Town 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 and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

B. 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*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has 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 has one governmental fund and no proprietary funds.

The Town reports the following major governmental fund:

General Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. The modified cash 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 statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, the Town recognizes revenues when received. As a result, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) *are not recorded* in the Town's basic financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when received if all eligibility requirements imposed by the provider have been met. Debt proceeds is recognized as another financing source and general revenue when received.

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Under the modified cash basis of accounting, the Town generally records expenditures when paid, except for certain payroll withholdings and cash payments for subsequent year's expenditures. As a result, 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 the Town's basic financial statements. In addition, long-term debt payable in future years is not recorded. Additional information on outstanding long-term debt is shown in Note 3.C.

Amounts reported as *program revenues* 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.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

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

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. 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 and special charges 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.

In addition to its levy, the Town also levies and collects taxes for the Appleton Area, Kaukauna Area, Kimberly Area and Wrightstown Community School Districts, Outagamie County, Fox Valley Technical College, Darboy Joint Sanitary District No. 1 and the State of Wisconsin.

Under the modified cash basis of accounting, the Town does not record property taxes and special charges receivable when levied. Tax collections received in December are reported as deferred inflows of resources (Town portion) or due to other governments.

3. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

4. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

5. Long-term Obligations

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt 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.

6. Pensions

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

7. Fund Equity

Governmental Fund Financial Statements

Fund balance of the Town's general fund 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 Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

Government-Wide Financial 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 neither classified as restricted nor as net investment in capital assets.

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

E. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. 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 submission to the governing body, 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 modified cash basis of accounting for all the general funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. 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 or department 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, 2017.

B. 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 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2017 budget was 1.32%. The actual limit for the Town for the 2018 budget was 1.43%. 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, 2017

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts displayed on the financial statements as "Cash and investments".

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 \$6,876,514 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 200
Deposits with financial institutions	6,876,314
	<u>\$ 6,876,514</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 6,825,364
Restricted cash and investments	51,150
	<u>\$ 6,876,514</u>

Fair Value Measurements

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 risks.

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 policy.

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$5,053,975 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits and were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$51,150 and consisted of cash and investments held for the following purposes:

General Fund	Amount	Purpose
Park improvements	\$ 31,494	To account for park impact fees collected for park improvements
Fire department	19,656	To account for fire department fundraisers and donations to be used for fire department expenditures
Total	<u>\$ 51,150</u>	

C. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2017:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
State trust fund loan	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 167,803</u>	<u>\$ 1,832,197</u>	<u>\$ 204,243</u>

Total interest paid during the year on long-term debt totaled \$95,986.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
State trust fund loan	9/23/15	3/15/25	3.25%	\$ 2,000,000	<u>\$ 1,832,197</u>

Town of Buchanan

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NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding general obligation debt of \$1,832,197 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
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	232,113	31,676	263,789
2023 - 2025	742,544	48,825	791,369
	<u>\$ 1,832,197</u>	<u>\$ 278,120</u>	<u>\$ 2,110,317</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2017 was \$30,192,253 as follows:

Equalized valuation of the Town	\$ 640,489,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	32,024,450
Outstanding general obligation debt applicable to debt limitation	1,832,197
Legal margin for new debt	<u>\$ 30,192,253</u>

D. PENSION PLAN

1. 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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, 2017

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.

2. 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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
2016	0.5	(5)

3. 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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remained 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 ending December 31, 2016, the WRS recognized \$9,049 in contributions from the Town.

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NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Contribution rates for the reporting period are:

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

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

At December 31, 2017, the Town's proportionate share of the net pension liability was \$9,006. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the Town's proportion was 0.00109263%, which was a decrease of 0.00004561% from its proportion measured as of December 31, 2015. Because the Town's basic financial statements are prepared on the modified cash basis of accounting, the net pension liability is not reported as a liability in the statement of net position.

For the year ended December 31, 2017, the Town recognized 2017 employer contributions of \$9,104 as expenditures in its financial statements under the modified cash basis of accounting while the Town's proportionate share of pension expense was \$23,992. The 2017 employer contributions of \$9,104 represent Town contributions subsequent to the measurement date and will be recognized in the determination of the Town's net pension liability for the reporting period ended December 31, 2017.

At December 31, 2017, the Town's proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,434	\$ 28,323
Net differences between projected and actual earnings on pension plan investments	44,828	-
Changes in assumptions	9,416	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,430	-
Total	<u>\$ 60,108</u>	<u>\$ 28,323</u>

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

The deferred outflows of resources and deferred inflows of resources related to pensions listed above are not recorded on the Town's financial statements due to the Town's financial statements being prepared on the modified cash basis of accounting. The deferred outflows of resources and deferred inflows of resources will be amortized by WRS as follows:

<u>Year ended December 31,</u>		
2017	\$	12,762
2018		12,762
2019		8,854
2020		(2,609)
2021		16
Total	<u>\$</u>	<u>31,785</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

Town of Buchanan

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NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	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%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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 3.78%. 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 members 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 7.2 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:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 118,478	\$ 9,006	\$ (75,293)

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>.

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

6. Payables to the Pension Plan

At December 31, 2017, the Town reported a payable of \$1,578 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

E. FUND EQUITY

Restricted Fund Balance and Net Position

In the fund financial statements and government-wide financial statements, portions of general fund balance and net position are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance and net position was as follows:

Restricted for	
Park improvements	\$ 31,494
Fire department	19,656
Total Restricted Fund Balance	<u>\$ 51,150</u>

Committed Fund Balance

In the fund financial statements, portions of general fund balance is committed by Town Board action. At December 31, 2017, fund balance was committed as follows:

Committed for	
Building improvements	\$ 51,706
Fire apparatus	201,675
Trail development	35,066
Total Committed Fund Balance	<u>\$ 288,447</u>

Minimum General 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:

2017 General Fund Operating Budget as defined by policy	\$1,753,380
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Amount	<u>\$263,007 - \$438,345</u>

The Town's unassigned general fund balance of \$42,283 is below the minimum fund balance amount.

Town of Buchanan

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NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

B. CONTINGENCIES

From time to time, the Town is party to other 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.

C. SUBSEQUENT EVENT

On January 16, 2018, the Town Board approved Resolution 2018-02 for the issuance of general obligation notes in the amount of \$565,000 to finance buildings and infrastructure projects. The notes will be repaid over 10 years with interest at 3.75%.

Subsequent to year end, the Town Board approved a settlement agreement with Lowe's Home Improvement to refund property tax payments for 2016 and 2017 totaling \$114,311. The Town will be able to recover the portion of the tax refund from other taxing jurisdictions, with the Town responsible for approximately 17% of the refund, which will be recognized as a 2018 expenditure.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Buchanan

Outagamie County, Wisconsin

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered-Employee Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
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%
12/31/17	0.00109263%	9,006	137,105	6.57%	99.12%

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/15	\$ 10,377	\$ 10,377	\$ -	\$ 148,251	7.00%
12/31/16	9,049	9,049	-	137,105	6.60%
12/31/17	9,104	9,104	-	133,876	6.80%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions 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

GENERAL FUND

DETAILED COMPARISON OF REVENUES COLLECTED - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Taxes					
General property	\$ 1,999,060	\$ 1,999,060	\$ 1,997,826	\$ (1,234)	\$ 1,891,886
Forest crop and managed forest land taxes	82	82	82	-	82
Interest on taxes	-	-	354	354	155
Other taxes	2,150	2,150	1,755	(395)	3,385
Total taxes	2,001,292	2,001,292	2,000,017	(1,275)	1,895,508
Intergovernmental					
State					
State shared taxes	72,716	72,716	73,127	411	73,390
Fire insurance dues	20,600	20,600	26,533	5,933	24,255
Tax exempt computer aid	2,100	2,100	3,270	1,170	2,753
Transportation	117,514	117,514	117,514	-	102,186
Forest croplands	20	20	213	193	52
Other	-	-	1,964	1,964	4,542
Other local aids					
Valley Transit	44,000	44,000	54,370	10,370	34,082
Recycling	35,500	35,500	33,451	(2,049)	32,113
Total intergovernmental	292,450	292,450	310,442	17,992	273,373
Licenses and permits					
Licenses					
Business and occupational	52,545	52,545	54,275	1,730	87,154
Dog	1,000	1,000	1,713	713	1,785
Permits					
Building	15,500	15,500	31,855	16,355	41,479
Zoning and permit fees	3,300	3,300	8,000	4,700	4,185
Other permits	1,550	1,550	50	(1,500)	1,725
Total licenses and permits	73,895	73,895	95,893	21,998	136,328
Fines and forfeits					
Court fines and penalties	12,150	12,150	10,250	(1,900)	13,857

Town of Buchanan

Outagamie County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF REVENUES COLLECTED - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Public charges for services					
General government	3,100	3,100	3,651	551	4,084
Fire protection fees	6,120	6,120	6,854	734	11,509
Transportation	20,000	20,000	62,161	42,161	39,877
Sanitation and utilities	291,686	291,686	292,923	1,237	283,655
Drainage	4,000	4,000	1,433	(2,567)	590
Park impact fees	960	960	6,010	5,050	12,480
Total public charges for services	<u>325,866</u>	<u>325,866</u>	<u>373,032</u>	<u>47,166</u>	<u>352,195</u>
Intergovernmental charges for services					
Election worker reimbursements	-	-	577	577	-
Crossing guards	1,900	1,900	1,927	27	1,927
Total intergovernmental charges for services	<u>1,900</u>	<u>1,900</u>	<u>2,504</u>	<u>604</u>	<u>1,927</u>
Miscellaneous					
Interest on investments	18,045	18,045	8,406	(9,639)	8,816
Hall rental	2,500	2,500	1,500	(1,000)	2,513
Sale of other property	-	-	-	-	4,678
Donations	750	750	200	(550)	2,301
Total miscellaneous	<u>21,295</u>	<u>21,295</u>	<u>10,106</u>	<u>(11,189)</u>	<u>18,308</u>
Total Revenues	<u>\$ 2,728,848</u>	<u>\$ 2,728,848</u>	<u>\$ 2,802,244</u>	<u>\$ 73,396</u>	<u>\$ 2,691,496</u>

Town of Buchanan

Outagamie County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF EXPENDITURES PAID - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
General Government					
Legislative (town board)	\$ 32,824	\$ 32,824	\$ 32,462	\$ 362	\$ 32,477
Legal fees	35,000	35,000	36,282	(1,282)	19,976
General administration					
Elections	5,000	5,000	3,357	1,643	16,697
Office salaries and benefits	119,900	119,900	108,250	11,650	106,026
Office technology	7,925	7,925	5,705	2,220	7,927
Town administrator	87,234	87,234	111,191	(23,957)	84,313
Other general administration	38,862	38,862	33,068	5,794	34,330
Financial administration					
Accounting and auditing	6,700	6,700	6,800	(100)	6,700
Assessment	12,916	12,916	12,908	8	12,916
Treasurer	2,500	2,500	4,491	(1,991)	2,359
General buildings, town hall					
Hall supplies and expenses	31,850	31,850	27,276	4,574	25,087
Maintenance workers	26,970	26,970	20,809	6,161	21,817
Other general government					
Insurance	21,250	21,250	21,428	(178)	14,087
Employee benefits	1,196	1,196	1,140	56	1,140
Other general government	750	750	3,083	(2,333)	119
Total general government	430,877	430,877	428,250	2,627	385,971
Public Safety					
Law enforcement	408,724	408,724	507,953	(99,229)	367,418
Fire protection	170,936	170,936	171,321	(385)	147,113
Emergency medical services	30,185	30,185	26,468	3,717	26,446
Emergency management services	3,500	3,500	1,234	2,266	1,980
Building inspection	18,100	18,100	18,328	(228)	17,456
Total public safety	631,445	631,445	725,304	(93,859)	560,413
Public Works					
Highway and street maintenance	215,777	215,777	150,518	65,259	162,610
Road related facilities	41,068	41,068	35,866	5,202	50,244
Sanitation	333,530	333,530	346,718	(13,188)	325,290
Mass transit	56,745	56,745	56,100	645	61,383
Total public works	647,120	647,120	589,202	57,918	599,527
Culture and Recreation					
Parks	13,000	13,000	8,370	4,630	6,103
Recreation programs and events	500	500	500	-	-
Total culture and recreation	13,500	13,500	8,870	4,630	6,103
Conservation and Development					
Planning and zoning	5,320	5,320	5,358	(38)	4,050
Economic development	3,668	3,668	220	3,448	3,687
Stormwater, erosion and drainage	21,450	21,450	17,914	3,536	28,625
Total conservation and development	30,438	30,438	23,492	6,946	36,362

Town of Buchanan

Outagamie County, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF EXPENDITURES PAID - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Debt service					
Principal	167,803	167,803	167,803	-	175,000
Interest and fiscal charges	95,986	95,986	95,986	-	6,388
Total debt service	<u>263,789</u>	<u>263,789</u>	<u>263,789</u>	<u>-</u>	<u>181,388</u>
Capital Outlay					
General government	464,040	464,040	90,908	373,132	11,416
Fire protection	-	-	-	-	90,360
Highway construction	1,342,898	1,342,898	1,925,270	(582,372)	1,114,253
Stormwater	15,000	15,000	17,019	(2,019)	1,004
Parks	58,300	58,300	56,276	2,024	17,251
Total capital outlay	<u>1,880,238</u>	<u>1,880,238</u>	<u>2,089,473</u>	<u>(209,235)</u>	<u>1,234,284</u>
Total Expenditures	<u>\$ 3,897,407</u>	<u>\$ 3,897,407</u>	<u>\$ 4,128,380</u>	<u>\$ (230,973)</u>	<u>\$ 3,004,048</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Town Board
Town of Buchanan
Outagamie County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Town of Buchanan, Outagamie County, Wisconsin (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 30, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 2017-001 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 2017-002 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town'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

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



Certified Public Accountants

Green Bay, Wisconsin
April 30, 2018

Town of Buchanan Outagamie County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

<u>FINDING NO.</u>	<u>CONTROL DEFICIENCIES</u>
2017-001	Segregation of Duties - Clerk/Treasurer Repeat of Finding 2016-001
Condition:	The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations. In addition, the Town has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
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 perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
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 FOR THE YEAR ENDED DECEMBER 31, 2017

FINDING NO.	CONTROL DEFICIENCIES
2017-002	<p>Preparation of Annual Financial Report Repeat of Finding 2016-002</p>
Condition:	<p>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 format, 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 Report Form CT.</p>
Criteria:	<p>The preparation and review of the annual financial report and 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>
Cause:	<p>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>
Effect:	<p>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>
Recommendation:	<p>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>
Management Response:	<p>The Town Treasurer/Deputy Clerk and Town Administrator will continue to review and approve the annual financial report prior to issuance.</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, 2017.