

Town of Buchanan
Outagamie County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

Town of Buchanan Outagamie County, Wisconsin

DECEMBER 31, 2018

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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, 2018, 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, 2018, 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

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 on pages 23 – 25 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.

The schedules relating to pension on page 22, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2019, 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 solely 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 effectiveness of the Town's 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 15, 2019

BASIC FINANCIAL STATEMENTS

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 7,519,379
Restricted cash and investments	<u>51,967</u>
Total assets	<u>7,571,346</u>
LIABILITIES	
Accrued and other current liabilities	2,270
Due to other governments	5,041,259
Property taxes and special charges collected for subsequent year	1,359,093
Special deposits	<u>26,028</u>
Total liabilities	<u>6,428,650</u>
NET POSITION	
Restricted	67,408
Unrestricted	<u>1,075,288</u>
Total net position	<u>\$ 1,142,696</u>

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

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2018

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					
General government	\$ 787,343	\$ 26,315	\$ -	\$ -	\$ (761,028)
Public safety	1,299,967	40,293	26,553	-	(1,233,121)
Public works	1,274,783	348,484	218,611	-	(707,688)
Culture and recreation	6,874	-	-	9,600	2,726
Conservation and development	40,104	14,081	-	-	(26,023)
Principal and interest on long-term debt	263,789	-	-	-	(263,789)
Total	\$ 3,672,860	\$ 429,173	\$ 245,164	\$ 9,600	(2,988,923)
General revenues collected					
Taxes					
Property taxes 2,024,368					
Other taxes 14,711					
Federal and state grants and other contributions					
not restricted to specific functions 77,991					
Interest and investment earnings 11,227					
Miscellaneous 49,838					
Proceeds from long-term debt 1,550,000					
Total general revenues collected 3,728,135					
Change in net position 739,212					
Net position - January 1 403,484					
Net position - December 31 \$ 1,142,696					

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

Town of Buchanan

Outagamie County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
GENERAL FUND - MODIFIED CASH BASIS
DECEMBER 31, 2018

ASSETS

Cash and investments	\$ 7,519,379
Restricted cash and investments	<u>51,967</u>
Total assets	<u><u>\$ 7,571,346</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accrued and other current liabilities	\$ 2,270
Due to other governments	5,041,259
Property taxes and special charges collected for subsequent year	1,359,093
Special deposits	<u>26,028</u>
Total liabilities	<u>6,428,650</u>
Fund balance	
Restricted	67,408
Committed	255,344
Assigned	223,843
Unassigned	<u>596,101</u>
Total fund balance	<u>1,142,696</u>
Total liabilities and fund balance	<u><u>\$ 7,571,346</u></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
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES

Taxes	\$ 2,039,079
Intergovernmental	323,105
Licenses and permits	101,225
Fines and forfeits	8,978
Public charges for services	368,445
Intergovernmental charges for services	1,705
Miscellaneous	<u>19,535</u>
 Total revenues	 <u>2,862,072</u>

EXPENDITURES

Current	
General government	488,612
Public safety	675,431
Public works	582,863
Culture and recreation	4,347
Conservation and development	40,104
Debt service	
Principal	204,243
Interest and fiscal charges	59,546
Capital outlay	<u>1,617,714</u>
 Total expenditures	 <u>3,672,860</u>

Deficiency of revenues over expenditures	<u>(810,788)</u>
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OTHER FINANCING SOURCES

Long-term debt issued	<u>1,550,000</u>
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Net change in fund balance	739,212
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Fund balance - January 1	<u>403,484</u>
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Fund balance - December 31	<u><u>\$ 1,142,696</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Town of Buchanan

Outagamie County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,025,946	\$ 2,025,946	\$ 2,039,079	\$ 13,133
Intergovernmental	316,424	316,424	323,105	6,681
Licenses and permits	77,205	77,205	101,225	24,020
Fines and forfeits	12,100	12,100	8,978	(3,122)
Public charges for services	341,235	341,235	368,445	27,210
Intergovernmental charges for services	1,900	1,900	1,705	(195)
Miscellaneous	9,795	9,795	19,535	9,740
Total revenues	2,784,605	2,784,605	2,862,072	77,467
EXPENDITURES				
Current				
General government	455,547	455,547	488,612	(33,065)
Public safety	697,977	697,977	675,431	22,546
Public works	650,105	635,105	582,863	52,242
Culture and recreation	11,500	11,500	4,347	7,153
Conservation and development	30,438	30,438	40,104	(9,666)
Debt service				
Principal	204,243	204,243	204,243	-
Interest and fiscal charges	59,546	59,546	59,546	-
Capital outlay	1,783,395	1,981,485	1,617,714	363,771
Total expenditures	3,892,751	4,075,841	3,672,860	402,981
Deficiency of revenues over expenditures	(1,108,146)	(1,291,236)	(810,788)	480,448
OTHER FINANCING SOURCES				
Long-term debt issued	583,101	1,550,000	1,550,000	-
Net change in fund balance	(525,045)	258,764	739,212	480,448
Fund balance - January 1	403,484	403,484	403,484	-
Fund balance - December 31	\$ (121,561)	\$ 662,248	\$ 1,142,696	\$ 480,448

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, 2018

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).

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:

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.

A. 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.

B. 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, net position/fund balance, revenues, and expenditures when they result from cash transactions. 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. Property taxes and grants received in advance of being earned or meeting eligibility requirements are reported as liabilities. Debt proceeds are recognized as other financing sources and general

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

revenue when received. Additionally, capital assets such as property, equipment, and infrastructure are not capitalized or reported in the government-wide financial statements.

Under the modified cash basis of accounting, the Town generally records expenditures when paid, except for certain payroll withholdings. 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. Additionally, long-term liabilities such as debt payable and compensated absences are not reported. 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.

C. 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. Property taxes and special charges collected on behalf of other taxing entities as of December 31, 2018 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

3. 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.

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

4. 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.

5. 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, 2018

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 budget accounts maintained for each functional area 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, 2018.

B. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, Towns, towns and counties. For the 2018 and 2019 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 2018 budget was 1.43%. The actual limit for the Town for the 2019 budget was 1.03%. 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, 2018**

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 \$7,571,346 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 200
Deposits with financial institutions	<u>7,571,146</u>
	<u><u>\$ 7,571,346</u></u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 7,519,379
Restricted cash and investments	<u>51,967</u>
	<u><u>\$ 7,571,346</u></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.

Town of Buchanan

Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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.

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, 2018, \$5,901,536 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, 2018 totaled \$51,967 and consisted of cash and investments held for the following purposes:

General Fund	Amount	Purpose
Park improvements	\$ 41,484	To account for park impact fees collected for park improvements
Fire department	<u>10,483</u>	To account for fire department fundraisers and donations to be used for fire department expenditures
Total	<u>\$ 51,967</u>	

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

C. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
State trust fund loans	<u>\$1,832,197</u>	<u>\$1,550,000</u>	<u>\$ 204,243</u>	<u>\$3,177,954</u>	<u>\$ 348,641</u>

Total interest paid during the year on long-term debt totaled \$59,546.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
State trust fund loan	09/23/15	03/15/25	3.25%	\$ 2,000,000	\$ 1,627,954
State trust fund loan	03/15/18	03/15/28	3.75%	565,000	565,000
State trust fund loan	05/18/18	03/15/28	3.75%	485,000	485,000
State trust fund loan	06/26/18	03/15/28	4.25%	500,000	500,000
Total Outstanding General Obligation Debt					<u>\$ 3,177,954</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$3,177,954 on December 31, 2018 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 348,641	\$ 108,348	\$ 456,989
2020	351,431	101,559	452,990
2021	364,010	88,980	452,990
2022	376,758	76,231	452,989
2023	389,956	63,034	452,990
2024 - 2028	1,347,158	126,421	1,473,579
	<u>\$ 3,177,954</u>	<u>\$ 564,573</u>	<u>\$ 3,742,527</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was \$31,040,236 as follows:

Equalized valuation of the Town	\$ 684,363,800
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	34,218,190
Outstanding general obligation debt applicable to debt limitation	<u>3,177,954</u>
Legal margin for new debt	<u>\$ 31,040,236</u>

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 executive service retirement plan participants, if hired on or before December 31, 2016 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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>
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)
2017	2.0	4

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 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 year ended December 31, 2018, the WRS recognized \$10,359 in contributions from the Town.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

At December 31, 2018, the Town reported an asset of \$28,910 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 (asset) was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00097371%, which was a decrease of 0.00011892% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$13,645.

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,729	\$ 17,181
Net differences between projected and actual earnings on pension plan investments	-	39,735
Changes in assumptions	5,712	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,758	-
Total	<u>\$ 45,199</u>	<u>\$ 56,916</u>

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>	<u>Expense</u>
2019	\$ 4,233
2020	740
2021	(9,543)
2022	(7,213)
2023	66
Total	<u>\$ (11,717)</u>

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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 Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

	<u>Current 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%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

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 3.31%. 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)	\$ 74,801	\$ (28,910)	\$ (107,735)

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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>.

6. Payables to the Pension Plan

At December 31, 2018, the Town reported a payable of \$1,537 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

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, 2018, restricted fund balance and net position was as follows:

Restricted for	
Park improvements	\$ 41,484
Fire department	10,483
Building improvements	<u>15,441</u>
Total Restricted Fund Balance	<u>\$ 67,408</u>

Committed Fund Balance

In the fund financial statements, portions of general fund balance is committed by Town Board action. At December 31, 2018, fund balance was committed as follows:

Committed for	
Building improvements	\$ 56,706
Fire apparatus	88,139
Trail development	40,066
General maintenance expense	<u>70,433</u>
Total Committed Fund Balance	<u>\$ 255,344</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2018, fund balance was assigned as follows:

Assigned for roads	<u>\$ 223,843</u>
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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:

2018 General Fund Operating Budget as defined by policy	\$1,845,567
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Amount	<u>\$276,835 - \$461,392</u>

The Town's unassigned general fund balance of \$596,101 is above the minimum fund balance amount.

Town of Buchanan Outagamie County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 November 13, 2018, the Town of Buchanan approved Ordinance 2018-10, to establish the Town of Buchanan Storm Water Utility Commission and the Storm Water Utility District Commission. The Town approved a 2019 budget for the new stormwater utility.

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 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>
12/31/14	0.00123597%	\$ (30,359)	\$ 175,133	17.33%	102.74%
12/31/15	0.00113824%	18,496	148,251	12.48%	98.20%
12/31/16	0.00109263%	9,006	137,105	6.57%	99.12%
12/31/17	0.00097371%	(28,910)	133,875	21.59%	102.93%

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 Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered 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	9,103	9,103	-	133,875	6.80%
12/31/18	10,359	10,359	-	154,610	6.70%

NOTES TO SCHEDULES

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

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.

Town of Buchanan

Outagamie County, Wisconsin

**GENERAL FUND
DETAILED COMPARISON OF REVENUES COLLECTED - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 2,023,734	\$ 2,023,734	\$ 2,024,368	\$ 634
Forest crop and managed forest land taxes	82	82	270	188
Interest on taxes	-	-	111	111
Other taxes	2,130	2,130	14,330	12,200
Total taxes	<u>2,025,946</u>	<u>2,025,946</u>	<u>2,039,079</u>	<u>13,133</u>
Intergovernmental				
State				
State shared taxes	72,463	72,463	72,693	230
Fire insurance dues	26,000	26,000	26,503	503
Tax exempt computer aid	3,300	3,300	3,318	18
Transportation	135,141	135,141	135,141	-
Forest croplands	20	20	16	(4)
Other	-	-	1,964	1,964
Other local aids				
Valley Transit	44,000	44,000	47,214	3,214
Recycling	35,500	35,500	36,256	756
Total intergovernmental	<u>316,424</u>	<u>316,424</u>	<u>323,105</u>	<u>6,681</u>
Licenses and permits				
Licenses				
Business and occupational	53,045	53,045	54,808	1,763
Dog	1,500	1,500	1,683	183
Permits				
Building	19,130	19,130	38,059	18,929
Zoning and permit fees	3,480	3,480	5,125	1,645
Other permits	50	50	1,550	1,500
Total licenses and permits	<u>77,205</u>	<u>77,205</u>	<u>101,225</u>	<u>24,020</u>
Fines and forfeits				
Court fines and penalties	<u>12,100</u>	<u>12,100</u>	<u>8,978</u>	<u>(3,122)</u>

Town of Buchanan

Outagamie County, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF REVENUES COLLECTED - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	3,100	3,100	4,274	1,174
Fire protection fees	6,620	6,620	5,191	(1,429)
Transportation	22,000	22,000	41,116	19,116
Sanitation and utilities	306,015	306,015	307,368	1,353
Drainage	1,500	1,500	896	(604)
Park impact fees	2,000	2,000	9,600	7,600
Total public charges for services	<u>341,235</u>	<u>341,235</u>	<u>368,445</u>	<u>27,210</u>
Intergovernmental charges for services				
Crossing guards	<u>1,900</u>	<u>1,900</u>	<u>1,705</u>	<u>(195)</u>
Miscellaneous				
Interest on investments	8,045	8,045	11,227	3,182
Hall rental	1,000	1,000	1,575	575
Sale of other property	-	-	6,550	6,550
Donations	750	750	50	(700)
Other	-	-	133	133
Total miscellaneous	<u>9,795</u>	<u>9,795</u>	<u>19,535</u>	<u>9,740</u>
Total Revenues	<u>\$ 2,784,605</u>	<u>\$ 2,784,605</u>	<u>\$ 2,862,072</u>	<u>\$ 77,467</u>

Town of Buchanan

Outagamie County, Wisconsin

**GENERAL FUND
DETAILED COMPARISON OF EXPENDITURES PAID - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General Government				
Legislative (town board)	\$ 32,880	\$ 32,880	\$ 31,841	\$ 1,039
Legal fees	35,000	35,000	27,848	7,152
General administration				
Elections	17,260	17,260	16,443	817
Office salaries and benefits	100,379	100,379	99,651	728
Office technology	7,925	7,925	6,753	1,172
Town administrator	84,950	84,950	82,581	2,369
Other general administration	39,606	39,606	37,803	1,803
Financial administration				
Accounting and auditing	6,900	6,900	6,900	-
Assessment	12,910	12,910	22,946	(10,036)
Treasurer	32,417	32,417	28,895	3,522
General buildings, town hall				
Hall supplies and expenses	32,500	32,500	27,200	5,300
Maintenance workers	27,495	27,495	17,957	9,538
Other general government				
Insurance	23,375	23,375	20,989	2,386
Employee benefits	1,200	1,200	1,140	60
Illegal taxes refunded	-	-	59,490	(59,490)
Other general government	750	750	175	575
Total general government	455,547	455,547	488,612	(33,065)
Public Safety				
Law enforcement	402,804	402,804	461,814	(59,010)
Fire protection	242,413	242,413	177,899	64,514
Emergency medical services	29,785	29,785	14,777	15,008
Emergency management services	3,000	3,000	1,421	1,579
Building inspection	19,975	19,975	19,520	455
Total public safety	697,977	697,977	675,431	22,546
Public Works				
Highway and street maintenance	208,500	193,500	127,313	66,187
Road related facilities	41,550	41,550	50,493	(8,943)
Sanitation	343,055	343,055	333,210	9,845
Mass transit	57,000	57,000	71,847	(14,847)
Total public works	650,105	635,105	582,863	52,242
Culture and Recreation				
Parks	10,500	10,500	4,347	6,153
Recreation programs and events	1,000	1,000	-	1,000
Total culture and recreation	11,500	11,500	4,347	7,153

Town of Buchanan

Outagamie County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF EXPENDITURES PAID - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Conservation and Development				
Planning and zoning	5,320	5,320	3,715	1,605
Economic development	3,668	3,668	3,467	201
Stormwater, erosion and drainage	21,450	21,450	32,922	(11,472)
Total conservation and development	<u>30,438</u>	<u>30,438</u>	<u>40,104</u>	<u>(9,666)</u>
Debt service				
Principal	204,243	204,243	204,243	-
Interest and fiscal charges	59,546	59,546	59,546	-
Total debt service	<u>263,789</u>	<u>263,789</u>	<u>263,789</u>	<u>-</u>
Capital Outlay				
General government	464,100	429,100	298,731	130,369
Fire protection	620,000	645,000	624,536	20,464
Highway construction	638,920	812,010	691,920	120,090
Parks	60,375	95,375	2,527	92,848
Total capital outlay	<u>1,783,395</u>	<u>1,981,485</u>	<u>1,617,714</u>	<u>363,771</u>
Total Expenditures	<u>\$ 3,892,751</u>	<u>\$ 4,075,841</u>	<u>\$ 3,672,860</u>	<u>\$ 402,981</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, 2018, 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 15, 2019.

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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as items 2018-001 that we consider 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 results 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin

April 15, 2019

Town of Buchanan Outagamie County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Preparation of Annual Financial Report Repeat of Finding 2017-002
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement 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.
Criteria:	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.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and Municipal Financial Report.
Management Response:	The Town Treasurer/Deputy Clerk and Town Administrator will continue to review and approve the annual financial report prior to issuance.

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, 2018.