

Town of Buchanan  
Outagamie County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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AUDIT, TAX, AND  
CONSULTING

# Town of Buchanan

## Outagamie County, Wisconsin

DECEMBER 31, 2019

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# Town of Buchanan

## Outagamie County, Wisconsin

DECEMBER 31, 2019

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

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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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Buchanan, Outagamie County, Wisconsin ("the Town") as of and for the year ended December 31, 2019, 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 auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof and the budgeted and actual schedules for the General Fund for the year then ended in accordance with modified cash basis of accounting described in Note 1.

## **EMPHASIS OF MATTER**

As described in Note 1.B., during 2019, the Town adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the Town established a custodial fund for taxes and specials collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are not modified with respect to this matter.

## **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 and other 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.

The other 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 March 6, 2020, 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 over 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 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin

March 6, 2020

BASIC FINANCIAL STATEMENTS

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# Town of Buchanan

## Outagamie County, Wisconsin

### STATEMENT OF NET POSITION - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,295,575	\$ 1,142,097	\$ 3,437,672
Restricted cash and investments	79,654	-	79,654
Total assets	<u>2,375,229</u>	<u>1,142,097</u>	<u>3,517,326</u>
<b>LIABILITIES</b>			
Accrued and other current liabilities	2,556	-	2,556
Property taxes and special charges collected for subsequent year	1,344,122	687,456	2,031,578
Special deposits	12,597	-	12,597
Total liabilities	<u>1,359,275</u>	<u>687,456</u>	<u>2,046,731</u>
<b>NET POSITION</b>			
Restricted	79,654	-	79,654
Unrestricted	936,300	454,641	1,390,941
Total net position	<u>\$ 1,015,954</u>	<u>\$ 454,641</u>	<u>\$ 1,470,595</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, 2019

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,047,044	\$ 35,117	\$ -	\$ -
Public safety	601,909	35,873	41,880	-
Public works	1,724,005	418,718	254,992	-
Culture and recreation	7,603	-	-	5,384
Conservation and development	11,788	16,221	-	-
Principal and interest on long-term debt	527,989	-	-	-
Total governmental activities	<u>3,920,338</u>	<u>505,929</u>	<u>296,872</u>	<u>5,384</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Stormwater utility	<u>96,750</u>	<u>551,391</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 4,017,088</u>	<u>\$ 1,057,320</u>	<u>\$ 296,872</u>	<u>\$ 5,384</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
- Proceeds from long-term debt

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 (Disbursements) Receipts and  
Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,011,927)	\$ -	\$ (1,011,927)
(524,156)	-	(524,156)
(1,050,295)	-	(1,050,295)
(2,219)	-	(2,219)
4,433	-	4,433
<u>(527,989)</u>	<u>-</u>	<u>(527,989)</u>
<u>(3,112,153)</u>	<u>-</u>	<u>(3,112,153)</u>
<u>-</u>	<u>454,641</u>	<u>454,641</u>
<u>(3,112,153)</u>	<u>454,641</u>	<u>(2,657,512)</u>
2,212,399	-	2,212,399
41,391	-	41,391
93,856	-	93,856
20,659	-	20,659
82,106	-	82,106
535,000	-	535,000
<u>2,985,411</u>	<u>-</u>	<u>2,985,411</u>
(126,742)	454,641	327,899
<u>1,142,696</u>	<u>-</u>	<u>1,142,696</u>
<u>\$ 1,015,954</u>	<u>\$ 454,641</u>	<u>\$ 1,470,595</u>

# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
 GENERAL FUND - MODIFIED CASH BASIS  
 DECEMBER 31, 2019

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**ASSETS**

Cash and investments	\$ 2,295,575
Restricted cash and investments	<u>79,654</u>
Total assets	<u>\$ 2,375,229</u>

**LIABILITIES AND FUND BALANCE**

Liabilities	
Accrued and other current liabilities	\$ 2,556
Property taxes and special charges collected for subsequent year	1,344,122
Special deposits	<u>12,597</u>
Total liabilities	<u>1,359,275</u>
Fund balance	
Restricted	79,654
Committed	303,398
Unassigned	<u>632,902</u>
Total fund balance	<u>1,015,954</u>
Total liabilities and fund balance	<u>\$ 2,375,229</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, 2019

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#### REVENUES

Taxes	\$ 2,253,790
Intergovernmental	379,083
Licenses and permits	97,956
Fines and forfeits	10,179
Public charges for services	374,485
Intergovernmental charges for services	70,685
Miscellaneous	<u>72,418</u>
 Total revenues	 <u>3,258,596</u>

#### EXPENDITURES

Current	
General government	477,681
Public safety	587,678
Public works	737,024
Culture and recreation	7,603
Conservation and development	11,788
Debt service	
Principal	419,800
Interest and fiscal charges	108,189
Capital outlay	<u>1,570,575</u>
 Total expenditures	 <u>3,920,338</u>

Deficiency of revenues under expenditures	<u>(661,742)</u>
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#### OTHER FINANCING SOURCES

Long-term debt issued	<u>535,000</u>
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<b>Net change in fund balance</b>	(126,742)
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<b>Fund balance - January 1</b>	<u>1,142,696</u>
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<b>Fund balance - December 31</b>	<u><u>\$ 1,015,954</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, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,217,514	\$ 2,217,514	\$ 2,253,790	\$ 36,276
Intergovernmental	368,000	368,000	379,083	11,083
Licenses and permits	95,201	95,201	97,956	2,755
Fines and forfeits	12,100	12,100	10,179	(1,921)
Public charges for services	370,515	375,515	374,485	(1,030)
Intergovernmental charges for services	1,899	70,729	70,685	(44)
Miscellaneous	10,350	43,879	72,418	28,539
<b>Total revenues</b>	<b>3,075,579</b>	<b>3,182,938</b>	<b>3,258,596</b>	<b>75,658</b>
<b>EXPENDITURES</b>				
Current				
General government	511,032	511,032	477,681	33,351
Public safety	648,525	648,525	587,678	60,847
Public works	758,623	701,387	737,024	(35,637)
Culture and recreation	11,500	11,500	7,603	3,897
Conservation and development	10,140	10,140	11,788	(1,648)
Debt service				
Principal	348,641	348,641	419,800	(71,159)
Interest and fiscal charges	104,348	104,348	108,189	(3,841)
Capital outlay	761,771	1,609,301	1,570,575	38,726
<b>Total expenditures</b>	<b>3,154,580</b>	<b>3,944,874</b>	<b>3,920,338</b>	<b>24,536</b>
Excess (deficiency) of revenues over (under) expenditures	(79,001)	(761,936)	(661,742)	100,194
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	65,000	535,000	535,000	-
<b>Net change in fund balance</b>	<b>(14,001)</b>	<b>(226,936)</b>	<b>(126,742)</b>	<b>100,194</b>
<b>Fund balance - January 1</b>	<b>1,142,696</b>	<b>1,142,696</b>	<b>1,142,696</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 1,128,695</b>	<b>\$ 915,760</b>	<b>\$ 1,015,954</b>	<b>\$ 100,194</b>

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

# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	Stormwater Utility District	Transportation Utility District	Totals
<b>ASSETS</b>			
Cash and investments	\$ 612,411	\$ 529,686	\$ 1,142,097
<b>LIABILITIES</b>			
Special charges collected for subsequent year	157,770	529,686	687,456
<b>NET POSITION</b>			
Unrestricted	<u>\$ 454,641</u>	<u>\$ -</u>	<u>\$ 454,641</u>

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

# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	Stormwater Utility District	Transportation Utility District	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 551,391	\$ -	\$ 551,391
<b>OPERATING EXPENSES</b>			
Operation and maintenance	36,271	-	36,271
Administration and general	42,289	-	42,289
Capital outlay	18,190	-	18,190
Total operating expenses	96,750	-	96,750
Change in net position	454,641	-	454,641
Net position - January 1	-	-	-
Net position - December 31	\$ 454,641	\$ -	\$ 454,641

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

# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Stormwater Utility District	Transportation Utility District	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 709,161	\$ 529,686	\$ 1,238,847
Cash paid for employee wages and benefits	(21,871)	-	(21,871)
Cash paid to suppliers	(74,879)	-	(74,879)
Net cash provided by operating activities	<u>612,411</u>	<u>529,686</u>	<u>1,142,097</u>
Cash and cash equivalents - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - December 31	<u>\$ 612,411</u>	<u>\$ 529,686</u>	<u>\$ 1,142,097</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 454,641	\$ -	\$ 454,641
Adjustments to reconcile operating income to net cash provided by operating activities			
Change in operating assets and liabilities			
Specials collected for subsequent year	<u>157,770</u>	<u>529,686</u>	<u>687,456</u>
Net cash provided by operating activities	<u>\$ 612,411</u>	<u>\$ 529,686</u>	<u>\$ 1,142,097</u>
Noncash capital and related financing activities			
None			

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



# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECMEBER 31, 2019

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 4,578,127</u>
<b>LIABILITIES</b>	
Due to other governments	<u>4,578,127</u>
<b>NET POSITION</b>	
Fiduciary net position- held for others	<u>\$ -</u>

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

# Town of Buchanan

## Outagamie County, Wisconsin

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Taxes and special charges collected	<u>\$ 7,064,707</u>
<b>DEDUCTIONS</b>	
Payments to other taxing districts	<u>7,064,707</u>
<b>Change in net position</b>	<u>-</u>
<b>Net position - January 1</b>	<u>-</u>
<b>Net position - December 31</b>	<u><u>\$ -</u></u>

*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, 2019

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#### 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:

##### 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 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*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include the general fund. Proprietary funds include enterprise funds. The Town has no internal service funds. The major individual governmental fund and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

##### General Fund

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

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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The Town reports the following major enterprise funds:

#### Stormwater Utility Fund

This fund accounts for the operations of the Town's stormwater utility. The Town established the stormwater utility in 2018, to develop, finance, construct, operate, maintain, manage and regulate stormwater and surface water facilities in the Town. The Town approved establishing special charges on the Town's tax roll to finance the operations. Special charges were placed on the 2018 tax roll to be collected in 2019 to finance operating costs that began in 2019.

#### Transportation Utility Fund

This fund accounts for the operations of the Town's transportation utility. The Town established the transportation utility in 2019 to finance transportation system maintenance and improvements in the Town. The Town exercised its authority to establish a transportation utility fee, which is assessed to developed properties in the Town, to fund transportation expenses. Special charges were placed on the 2019 tax roll to finance operating costs that will begin in 2020.

The Town also reports the following fiduciary fund:

#### Custodial Fund

The custodial fund accounts for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, *Fiduciary Activities*, they are now recorded in a custodial fund.

### 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, 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 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.

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

##### 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, 2019 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 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.

#### 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.

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### *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.

### 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, 2019.

#### 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 2019 and 2020 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 2019 budget was 1.03%. The actual limit for the Town for the 2020 budget was 1.20%. 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, 2019

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is 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 \$8,095,453 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 200
Deposits with financial institutions	6,988,404
Investments	1,106,849
	<u>\$ 8,095,453</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 3,437,672
Restricted cash and investments	79,654
Fiduciary Fund Statement of Net Position	
Cash and investments	4,578,127
	<u>\$ 8,095,453</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 has the following investments that are subject to fair value measurement at December 31, 2019:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Negotiable certificates of deposit	<u>\$ -</u>	<u>\$ 1,106,849</u>	<u>\$ -</u>

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



# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### 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 has a custodial credit risk policy to minimize custodial risk maintaining a list of public depositories, financial institutions and brokers/dealers authorized to provide deposit and investment services and all public depositories, financial institutions, and broker/dealers authorized to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

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, 2019, \$5,684,721 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.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Negotiable certificates of deposit	\$ 1,106,849	\$ -	\$ -	\$ -	\$ 1,106,849

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### Concentration of Credit Risk

The Town has a credit risk policy to minimize risk by limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603, allowing only public depositories approved by resolution and diversifying the investment portfolio so that the impact of potential losses from any one type of security or any one individual issuer will be minimized.

At December 31, 2019, the Town had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Town investments.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town has a formal policy to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Negotiable certificates of deposit	\$ 1,106,849	\$ 630,836	\$ 350,487	\$ 125,526	\$ -

#### B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$79,654 and consisted of cash and investments held for the following purposes:

General Fund	Amount	Purpose
Park improvements	\$ 47,443	To account for park impact fees collected for park improvements
Fire department	22,211	To account for fire department fundraisers and donations to be used fire department expenditures
Building improvement	10,000	To account for unused debt proceeds to be used for building improvements
Total	\$ 79,654	

#### C. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Direct borrowings:					
State trust fund loans	\$ 3,177,954	\$ 535,000	\$ 419,800	\$ 3,293,154	\$ 357,663

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

The Town's outstanding state trust fund loans from direct borrowings of \$3,293,154 contain a provision that in an event of default, the Board of Commissioners of Public Lands may use any remedies available under the law and is required under Wisconsin Statute Section 24.70(6) to intercept any state payments that may be otherwise due by the Borrower.

Total interest paid during the year on long-term debt totaled \$108,189.

#### General Obligation Debt

General obligation direct borrowings outstanding on December 31, 2019 is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
State trust fund loan	09/23/15	03/15/25	3.25%	\$ 2,000,000	\$ 1,417,073
State trust fund loan	03/15/18	03/15/28	3.75%	565,000	494,456
State trust fund loan	05/18/18	03/15/28	3.75%	485,000	393,078
State trust fund loan	06/26/18	03/15/28	4.25%	500,000	453,547
State trust fund loan	06/24/19	03/15/29	3.75%	535,000	535,000
Total outstanding general obligation debt					<u>\$ 3,293,154</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$3,293,154 on December 31, 2019 are detailed below:

Year Ended December 31,	<u>Governmental Activities</u>		
	<u>Direct borrowings - general obligation notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 357,663	\$ 95,327	\$ 452,990
2021	409,702	115,649	525,351
2022	433,672	91,678	525,350
2023	449,005	76,346	525,351
2024	464,719	60,632	525,351
2025-2029	1,178,393	100,468	1,278,861
	<u>\$ 3,293,154</u>	<u>\$ 540,100</u>	<u>\$ 3,833,254</u>

#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2019 was \$32,862,926 as follows:

Equalized valuation of the Town	\$ 723,121,600
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	36,156,080
Outstanding general obligation debt applicable to debt limitation	<u>3,293,154</u>
Legal margin for new debt	<u>\$ 32,862,926</u>

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 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, 2019

#### 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
2018	2.4	2

#### 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, 2019, the WRS recognized \$11,070 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)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2019

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

At December 31, 2019, the Town reported a liability of \$33,879 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Town's proportion was 0.00095230%, which was a decrease of 0.00002141% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of \$24,164.

At December 31, 2019, 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	\$ 26,387	\$ 46,643
Net differences between projected and actual earnings on pension plan investments	49,479	-
Changes in assumptions	5,710	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,359	-
Total	<u>\$ 83,935</u>	<u>\$ 46,643</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>
2020	\$ 13,811
2021	3,740
2022	6,016
2023	13,725
Total	<u>\$ 37,292</u>

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 5. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

**Single Discount Rate.** A single discount rate of 7.00% 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 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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.



# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 134,642	\$ 33,879	\$ (41,044)

**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, 2019, the Town reported a payable of \$1,678 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

#### 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, 2019, restricted fund balance and net position was as follows:

Restricted for	
Park improvements	\$ 47,443
Fire department	22,211
Building improvements	10,000
Total restricted fund balance	<u>\$ 79,654</u>

##### Committed Fund Balance

In the fund financial statements, portions of general fund balance is committed by Town Board action. At December 31, 2019, fund balance was committed as follows:

Committed for	
Building improvements	\$ 72,588
Fire apparatus	125,744
Trail development	50,066
Park equipment	55,000
Total committed fund balance	<u>\$ 303,398</u>

# Town of Buchanan

## Outagamie County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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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:

2019 General Fund Operating Budget as defined by policy	\$1,939,820
Minimum Fund Balance %	(x) 15% - 25%
Minimum fund balance amount	<u>\$290,973 - \$484,955</u>

The Town's unassigned general fund balance of \$632,902 is above the minimum fund balance amount.

#### 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.

## OTHER INFORMATION

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# Town of Buchanan

## Outagamie County, Wisconsin

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	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%
12/31/18	0.00095230%	33,879	154,609	21.91%	96.45%

SCHEDULE OF CONTRIBUTIONS  
 WISCONSIN RETIREMENT SYSTEM  
 LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
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	10,358	10,358	-	154,609	6.70%
12/31/19	11,070	11,070	-	169,001	6.55%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

## SUPPLEMENTARY INFORMATION

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# Town of Buchanan

## Outagamie County, Wisconsin

GENERAL FUND  
 SCHEDULE OF BUDGETED AND ACTUAL REVENUES COLLECTED  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 2,215,793	\$ 2,215,793	\$ 2,212,399	\$ (3,394)
Forest crop and managed forest land taxes	82	82	256	174
Interest on taxes	-	-	179	179
Other taxes	1,639	1,639	40,956	39,317
Total taxes	<u>2,217,514</u>	<u>2,217,514</u>	<u>2,253,790</u>	<u>36,276</u>
Intergovernmental				
State				
State shared taxes	87,315	87,315	87,878	563
Fire insurance dues	26,500	26,500	30,235	3,735
Tax exempt computer aid	3,300	3,300	3,398	98
Transportation	155,413	155,413	155,413	-
Forest croplands	-	-	16	16
Other	1,468	1,468	2,564	1,096
Other local aids				
Valley Transit	54,624	54,624	53,216	(1,408)
Recycling	39,380	39,380	46,363	6,983
Total intergovernmental	<u>368,000</u>	<u>368,000</u>	<u>379,083</u>	<u>11,083</u>
Licenses and permits				
Licenses				
Business and occupational	55,212	55,212	59,832	4,620
Dog	2,000	2,000	1,709	(291)
Permits				
Building	32,081	32,081	27,515	(4,566)
Zoning and permit fees	5,908	5,908	7,350	1,442
Other permits	-	-	1,550	1,550
Total licenses and permits	<u>95,201</u>	<u>95,201</u>	<u>97,956</u>	<u>2,755</u>
Fines and forfeits				
Court fines and penalties	<u>12,100</u>	<u>12,100</u>	<u>10,179</u>	<u>(1,921)</u>

# Town of Buchanan

## Outagamie County, Wisconsin

GENERAL FUND  
 SCHEDULE OF BUDGETED AND ACTUAL REVENUES COLLECTED  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	3,600	8,600	8,933	333
Fire protection fees	6,200	6,200	5,909	(291)
Transportation	25,500	25,500	17,847	(7,653)
Sanitation and utilities	329,715	329,715	332,041	2,326
Drainage	1,500	1,500	4,371	2,871
Park impact fees	4,000	4,000	5,384	1,384
Total public charges for services	<u>370,515</u>	<u>375,515</u>	<u>374,485</u>	<u>(1,030)</u>
Intergovernmental charges for services				
Election worker reimbursements	-	-	90	90
Crossing guards	1,899	1,899	1,765	(134)
Highway	-	68,830	68,830	-
Total intergovernmental charges for services	<u>1,899</u>	<u>70,729</u>	<u>70,685</u>	<u>(44)</u>
Miscellaneous				
Interest on investments	9,100	9,100	20,659	11,559
Hall rental	1,250	1,250	2,550	1,300
Sale of other property	-	33,529	33,529	-
Donations	-	-	11,645	11,645
Other	-	-	4,035	4,035
Total miscellaneous	<u>10,350</u>	<u>43,879</u>	<u>72,418</u>	<u>28,539</u>
<b>Total revenues</b>	<u><b>\$ 3,075,579</b></u>	<u><b>\$ 3,182,938</b></u>	<u><b>\$ 3,258,596</b></u>	<u><b>\$ 75,658</b></u>

# Town of Buchanan

## Outagamie County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General government				
Legislative (town board)	\$ 32,780	\$ 32,780	\$ 31,976	\$ 804
Legal fees	35,000	35,000	25,301	9,699
General administration				
Elections	14,318	14,318	8,006	6,312
Office salaries and benefits	107,980	120,460	122,884	(2,424)
Office technology	8,160	8,160	7,324	836
Town administrator	88,485	88,485	87,263	1,222
Other general administration	56,630	44,150	37,832	6,318
Financial administration				
Accounting and auditing	7,050	7,050	7,000	50
Assessment	48,500	48,500	47,942	558
Treasurer	32,267	32,267	32,413	(146)
General buildings, town hall				
Hall supplies and expenses	33,305	33,305	28,203	5,102
Maintenance workers	21,892	21,892	18,107	3,785
Other general government				
Insurance	22,715	22,715	21,514	1,201
Employee benefits	1,200	1,200	1,140	60
Other general government	750	750	776	(26)
Total general government	<u>511,032</u>	<u>511,032</u>	<u>477,681</u>	<u>33,351</u>
Public safety				
Law enforcement	409,397	409,397	387,302	22,095
Fire protection	187,383	187,383	160,133	27,250
Emergency medical services	28,900	28,900	17,937	10,963
Emergency management services	3,000	3,000	2,817	183
Building inspection	19,845	19,845	19,489	356
Total public safety	<u>648,525</u>	<u>648,525</u>	<u>587,678</u>	<u>60,847</u>
Public works				
Highway and street maintenance	258,500	197,746	188,329	9,417
Road related facilities	41,376	41,376	35,554	5,822
Stormwater	20,533	5,334	31,642	(26,308)
Sanitation	369,094	387,811	412,892	(25,081)
Mass transit	69,120	69,120	68,607	513
Total public works	<u>758,623</u>	<u>701,387</u>	<u>737,024</u>	<u>(35,637)</u>
Culture and recreation				
Parks	10,500	10,500	7,603	2,897
Recreation programs and events	1,000	1,000	-	1,000
Total culture and recreation	<u>11,500</u>	<u>11,500</u>	<u>7,603</u>	<u>3,897</u>



# Town of Buchanan

## Outagamie County, Wisconsin

GENERAL FUND  
 SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Conservation and development				
Planning and zoning	6,440	6,440	6,378	62
Economic development	3,700	3,700	5,410	(1,710)
Total conservation and development	<u>10,140</u>	<u>10,140</u>	<u>11,788</u>	<u>(1,648)</u>
Debt service				
Principal	348,641	348,641	419,800	(71,159)
Interest and fiscal charges	104,348	104,348	108,189	(3,841)
Total debt service	<u>452,989</u>	<u>452,989</u>	<u>527,989</u>	<u>(75,000)</u>
Capital outlay				
General government	64,925	589,925	569,363	20,562
Fire protection	25,513	25,513	14,231	11,282
Highway equipment	65,000	41,283	66,830	(25,547)
Highway construction	547,333	897,580	920,151	(22,571)
Parks	59,000	55,000	-	55,000
Total capital outlay	<u>761,771</u>	<u>1,609,301</u>	<u>1,570,575</u>	<u>38,726</u>
<b>Total expenditures</b>	<u><b>\$ 3,154,580</b></u>	<u><b>\$ 3,944,874</b></u>	<u><b>\$ 3,920,338</b></u>	<u><b>\$ 24,536</b></u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## 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 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Buchanan, Outagamie County, Wisconsin (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 6, 2020.

### 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as items 2019-001 that we consider to be a material weakness.

#### 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

March 6, 2020

# Town of Buchanan

## Outagamie County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

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### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p><b>Preparation of Annual Financial Report</b> Repeat of Finding 2018-001</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>
Context:	<p>While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.</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>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 Clerk/Treasurer 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, 2019.

