

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020



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OUTAGAMIE COUNTY, WISCONSIN
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OUTAGAMIE COUNTY, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

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, 2020, 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 from 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, 2020, 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.

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.

Town Board
Town of Buchanan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
February 26, 2021

BASIC FINANCIAL STATEMENTS

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 2,200,671	\$ 1,432,986	\$ 3,633,657
Restricted Cash and Investments	1,320,820	-	1,320,820
Total Assets	<u>3,521,491</u>	<u>1,432,986</u>	<u>4,954,477</u>
LIABILITIES			
Accrued and Other Current Liabilities	5,013	-	5,013
Property Taxes and Special Charges Collected for Subsequent Year	1,349,595	631,858	1,981,453
Special Deposits	39,120	-	39,120
Total Liabilities	<u>1,393,728</u>	<u>631,858</u>	<u>2,025,586</u>
NET POSITION			
Restricted	880,362	-	880,362
Unrestricted	<u>1,247,401</u>	<u>801,128</u>	<u>2,048,529</u>
Total Net Position	<u>\$ 2,127,763</u>	<u>\$ 801,128</u>	<u>\$ 2,928,891</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 723,805	\$ 26,106	\$ 7,381	\$ -
Public Safety	563,307	34,358	70,495	-
Public Works	3,091,799	521,596	307,953	-
Culture and Recreation	149,477	-	527	5,280
Conservation and Development	14,092	14,137	-	-
Principal and Interest on Long- Term Debt	3,281,513	-	-	-
Total Governmental Activities	<u>7,823,993</u>	<u>596,197</u>	<u>386,356</u>	<u>5,280</u>
BUSINESS-TYPE ACTIVITIES				
Stormwater Utility	97,184	346,336	-	-
Transportation Utility District	800	855,364	-	-
Total Business-Type Activities	<u>97,984</u>	<u>1,201,700</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,921,977</u>	<u>\$ 1,797,897</u>	<u>\$ 386,356</u>	<u>\$ 5,280</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Net (Disbursements) Receipts and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES			
General Government	\$ (690,318)	\$ -	\$ (690,318)
Public Safety	(458,454)	-	(458,454)
Public Works	(2,262,250)	-	(2,262,250)
Culture and Recreation	(143,670)	-	(143,670)
Conservation and Development	45	-	45
Principal and Interest on Long- Term Debt	(3,281,513)	-	(3,281,513)
Total Governmental Activities	<u>(6,836,160)</u>	-	<u>(6,836,160)</u>
BUSINESS-TYPE ACTIVITIES			
Stormwater Utility	-	249,152	249,152
Transportation Utility District	-	854,564	854,564
Total Business-Type Activities	<u>-</u>	<u>1,103,716</u>	<u>1,103,716</u>
Total	(6,836,160)	1,103,716	(5,732,444)
General Revenues Collected:			
Taxes:			
Property Taxes	2,250,426	-	2,250,426
Other Taxes	41,255	-	41,255
Federal and State Grants and Other Contributions Not Restricted to Specific Functions	188,393	-	188,393
Interest and Investment Earnings	20,956	-	20,956
Miscellaneous	59,710	-	59,710
Proceeds from Long-Term Debt	4,630,000	-	4,630,000
Transfers	<u>757,229</u>	<u>(757,229)</u>	<u>-</u>
Total General Revenues Collected	<u>7,947,969</u>	<u>(757,229)</u>	<u>7,190,740</u>
CHANGE IN NET POSITION	1,111,809	346,487	1,458,296
Net Position - Beginning of Year	<u>1,015,954</u>	<u>454,641</u>	<u>1,470,595</u>
NET POSITION - END OF YEAR	<u>\$ 2,127,763</u>	<u>\$ 801,128</u>	<u>\$ 2,928,891</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
GENERAL FUND – MODIFIED CASH BASIS
DECEMBER 31, 2020**

ASSETS	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and Investments	\$ 2,200,671	\$ -	\$ -	\$ 2,200,671
Restricted Cash and Investments	<u>39,073</u>	<u>311,243</u>	<u>970,504</u>	<u>1,320,820</u>
Total Assets	<u>\$ 2,239,744</u>	<u>\$ 311,243</u>	<u>\$ 970,504</u>	<u>\$ 3,521,491</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accrued and Other Current Liabilities	\$ 5,013	\$ -	\$ -	\$ 5,013
Property Taxes and Special Charges Collected for Subsequent Year	909,137	259,766	180,692	1,349,595
Special Deposits	<u>39,120</u>	<u>-</u>	<u>-</u>	<u>39,120</u>
Total Liabilities	953,270	259,766	180,692	1,393,728
 FUND BALANCE				
Restricted	39,073	51,477	789,812	880,362
Committed	248,781	-	-	248,781
Assigned	197,492	-	-	197,492
Unassigned	<u>801,128</u>	<u>-</u>	<u>-</u>	<u>801,128</u>
Total Fund Balance	<u>1,286,474</u>	<u>51,477</u>	<u>789,812</u>	<u>2,127,763</u>
Total Liabilities and Fund Balance	<u>\$ 2,239,744</u>	<u>\$ 311,243</u>	<u>\$ 970,504</u>	<u>\$ 3,521,491</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Totals
REVENUES				
Taxes	\$ 1,488,691	\$ 452,990	\$ 350,000	\$ 2,291,681
Special Assessments	-	-	150,221	150,221
Intergovernmental	554,272	-	-	554,272
Licenses and Permits	89,934	-	-	89,934
Fines and Forfeits	9,414	-	-	9,414
Public Charges for Services	388,179	-	-	388,179
Intergovernmental Charges for Services	1,303	-	-	1,303
Miscellaneous	63,569	-	-	63,569
Total Revenues	<u>2,595,362</u>	<u>452,990</u>	<u>500,221</u>	<u>3,548,573</u>
EXPENDITURES				
Current:				
General Government	594,916	-	-	594,916
Public Safety	558,107	-	-	558,107
Public Works	619,179	-	-	619,179
Culture and Recreation	10,543	-	-	10,543
Conservation and Development	14,092	-	-	14,092
Debt Service:				
Principal	-	3,293,154	-	3,293,154
Interest and Fiscal Charges	-	216,896	-	216,896
Capital Outlay	298,166	-	2,447,477	2,745,643
Total Expenditures	<u>2,095,003</u>	<u>3,510,050</u>	<u>2,447,477</u>	<u>8,052,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500,359	(3,057,060)	(1,947,256)	(4,503,957)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	2,880,000	1,750,000	4,630,000
Premium on Debt Issued	-	228,537	-	228,537
Transfers In	85,161	-	987,068	1,072,229
Transfers Out	(315,000)	-	-	(315,000)
Total Other Financing Sources (Uses)	<u>(229,839)</u>	<u>3,108,537</u>	<u>2,737,068</u>	<u>5,615,766</u>
NET CHANGE IN FUND BALANCE	270,520	51,477	789,812	1,111,809
Fund Balance - Beginning of Year	<u>1,015,954</u>	<u>-</u>	<u>-</u>	<u>1,015,954</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,286,474</u>	<u>\$ 51,477</u>	<u>\$ 789,812</u>	<u>\$ 2,127,763</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 1,455,841	\$ 1,455,841	\$ 1,488,691	\$ 32,850
Intergovernmental	399,095	399,095	554,272	155,177
Licenses and Permits	96,131	96,131	89,934	(6,197)
Fines and Forfeits	12,100	12,100	9,414	(2,686)
Public Charges for Services	413,067	413,067	388,179	(24,888)
Intergovernmental Charges for Services	1,900	1,900	1,303	(597)
Miscellaneous	21,787	21,787	63,569	41,782
Total Revenues	<u>2,399,921</u>	<u>2,399,921</u>	<u>2,595,362</u>	<u>195,441</u>
EXPENDITURES				
Current:				
General Government	579,607	579,607	594,916	(15,309)
Public Safety	648,945	648,945	558,107	90,838
Public Works	729,337	729,337	619,179	110,158
Culture and Recreation	10,000	10,000	10,543	(543)
Conservation and Development	35,140	35,140	14,092	21,048
Capital Outlay	296,053	296,053	298,166	(2,113)
Total Expenditures	<u>2,299,082</u>	<u>2,299,082</u>	<u>2,095,003</u>	<u>204,079</u>
Excess of Revenues Over Expenditures	100,839	100,839	500,359	399,520
OTHER FINANCING SOURCES (USES)				
Transfers In	85,161	85,161	85,161	-
Transfers Out	(315,000)	(315,000)	(315,000)	-
Total Other Financing Sources (Uses)	<u>(229,839)</u>	<u>(229,839)</u>	<u>(229,839)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(129,000)	(129,000)	270,520	399,520
Fund Balance - Beginning of Year	<u>1,015,954</u>	<u>1,015,954</u>	<u>1,015,954</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 886,954</u>	<u>\$ 886,954</u>	<u>\$ 1,286,474</u>	<u>\$ 399,520</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	<u>Stormwater Utility District</u>	<u>Transportation Utility District</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 774,993	\$ 657,993	\$ 1,432,986
LIABILITIES			
Special Charges Collected for Subsequent Year	<u>143,200</u>	<u>488,658</u>	<u>631,858</u>
NET POSITION			
Unrestricted	<u>\$ 631,793</u>	<u>\$ 169,335</u>	<u>\$ 801,128</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Stormwater Utility District	Transportation Utility District	Totals
OPERATING REVENUES			
Charges for Services	\$ 345,917	\$ 855,364	\$ 1,201,281
Other	419	-	419
Total Operating Revenues	<u>346,336</u>	<u>855,364</u>	<u>1,201,700</u>
OPERATING EXPENSES			
Operation and Maintenance	66,281	800	67,081
Administration and General	30,903	-	30,903
Total Operating Expenses	<u>97,184</u>	<u>800</u>	<u>97,984</u>
INCOME BEFORE TRANSFERS	249,152	854,564	1,103,716
Transfers out	<u>(72,000)</u>	<u>(685,229)</u>	<u>(757,229)</u>
CHANGE IN NET POSITION	177,152	169,335	346,487
Net Position - Beginning of Year	<u>454,641</u>	<u>-</u>	<u>454,641</u>
NET POSITION - END OF YEAR	<u><u>\$ 631,793</u></u>	<u><u>\$ 169,335</u></u>	<u><u>\$ 801,128</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Stormwater Utility District</u>	<u>Transportation Utility District</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 331,766	\$ 814,336	\$ 1,146,102
Cash Paid for Employee Wages and Benefits	(15,775)	-	(15,775)
Cash Paid to Suppliers	<u>(81,409)</u>	<u>(800)</u>	<u>(82,209)</u>
Net Cash Provided by Operating Activities	234,582	813,536	1,048,118
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Out	<u>(72,000)</u>	<u>(685,229)</u>	<u>(757,229)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS	162,582	128,307	290,889
Cash and Cash Equivalents - Beginning of Year	<u>612,411</u>	<u>529,686</u>	<u>1,142,097</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 774,993</u></u>	<u><u>\$ 657,993</u></u>	<u><u>\$ 1,432,986</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 249,152	\$ 854,564	\$ 1,103,716
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Change In Operating Assets and Liabilities:			
Specials Collected for Subsequent Year	<u>(14,570)</u>	<u>(41,028)</u>	<u>(55,598)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 234,582</u></u>	<u><u>\$ 813,536</u></u>	<u><u>\$ 1,048,118</u></u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 4,506,800
LIABILITIES	
Due to Other Governments	<u>4,506,800</u>
NET POSITION	
Fiduciary Net Position - Held for Others	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
 OUTAGAMIE COUNTY, WISCONSIN
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ADDITIONS	
Taxes and Special Charges Collected	\$ 7,485,464
DEDUCTIONS	
Payments to Other Taxing Districts	7,485,464
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 (U.S. 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 U.S. 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, debt service and capital project funds. Proprietary funds include enterprise funds. The Town has no internal service funds. The major individual governmental fund and major individual proprietary funds are reported as separate columns in the fund financial statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Capital Projects Fund

This fund accounts for financial resources accumulated for the acquisition or construction of major capital improvements not accounted for in another fund.

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 special charges collected on behalf of other governments.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

4. 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.

5. 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.

6. 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.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **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.

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.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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, 2020.

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 2020 and 2021 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 2020 budget was 1.20%. The actual limit for the Town for the 2021 budget was 1.17%. 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, 2020**

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 \$9,461,277 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$	200
Deposits with Financial Institutions		8,336,981
Investments		1,124,096
Total		\$ 9,461,277

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	3,633,657
Restricted Cash and Investments		1,320,820
Fiduciary Fund Statement of Net Position:		
Cash and Investments		4,506,800
Total		\$ 9,461,277

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, 2020:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Investments:			
Negotiable Certificates of Deposit	\$ -	\$ 1,124,096	\$ -

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, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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, 2020, \$3,472,041 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. As of December 31, 2020, \$3,997,408 of the Town's deposits with financial institutions were uninsured.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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	\$ 1,124,096	\$ -	\$ -	\$ -	\$ 1,124,096

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, 2020, 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	\$ 1,124,096	\$ 453,513	\$ 489,667	\$ 180,916	\$ -

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2020 totaled \$1,320,820 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
General Fund		
Park Improvements	\$ 8,806	To account for park impact fees collected for park improvements
Fire Department	22,307	To account for fire department fundraisers and donations to be used fire department expenditures
Building Improvement	<u>7,960</u>	To account for unused debt proceeds to be used for building improvements
Total General Fund	39,073	
Debt Service Fund		
Debt repayments	311,243	To account for property taxes levied for future debt service payments
Capital Projects Fund		
Capital outlay	<u>970,504</u>	To account for unused debt proceeds to be used for road projects
Total	<u>\$ 1,320,820</u>	

C. Interfund Transfers

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds		
General	\$ 85,161	\$ 315,000
Capital projects	987,068	-
Proprietary Funds		
Stormwater utility district	-	72,000
Transportation utility district	-	685,229
Totals	<u>\$ 1,072,229</u>	<u>\$ 1,072,229</u>
Governmental activities	\$ 757,229	\$ -
Business-type activities	-	757,229
Totals	<u>\$ 757,229</u>	<u>\$ 757,229</u>

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Transfers (Continued)

Interfund transfers were recorded for the following purposes:

Transfer from transportation utility district to general fund for park capital outlay	\$ 85,161
Transfer from general fund to capital projects fund for road improvements	315,000
Transfer from stormwater utility district to capital projects for stormwater capital outlay expenditures	72,000
Transfer from transportation utility district to capital projects for road improvements	<u>600,068</u>
	<u><u>\$ 1,072,229</u></u>

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Direct Borrowings:					
State Trust Fund Loans	\$ 3,293,154	\$ -	\$ 3,293,154	\$ -	\$ -
Notes	-	4,630,000	-	4,630,000	455,000
Total General Obligation Debt	3,293,154	4,630,000	3,293,154	4,630,000	455,000
Debt Premium	-	228,537	19,045	209,492	-
Governmental Activities Long-Term Obligations	<u>\$ 3,293,154</u>	<u>\$ 4,858,537</u>	<u>\$ 3,312,199</u>	<u>\$ 4,839,492</u>	<u>\$ 455,000</u>

Total interest paid during the year on long-term debt totaled \$127,518.

General Obligation Debt

General obligation direct borrowings outstanding on December 31, 2020 is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
2020 GO Promissory Notes	06/01/20	03/01/30	2.0-3.0%	\$ 4,630,000	<u>\$ 4,630,000</u>

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$4,630,000 on December 31, 2020 are detailed below:

<u>Year Ended December 31,</u>	Governmental Activities		
	Direct Borrowings - General Obligation Notes		
	Principal	Interest	Total
2021	\$ 455,000	\$ 160,800	\$ 615,800
2022	585,000	111,675	696,675
2023	625,000	93,525	718,525
2024	635,000	74,625	709,625
2025	655,000	55,275	710,275
2026-2030	1,675,000	89,475	1,764,475
Total	<u>\$ 4,630,000</u>	<u>\$ 585,375</u>	<u>\$ 5,215,375</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2020 was \$33,732,730 as follows:

Equalized Valuation of the Town	\$ 767,254,600
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	38,362,730
Outstanding General Obligation Debt Applicable to Debt Limitation	<u>4,630,000</u>
Legal Margin for New Debt	<u>\$ 33,732,730</u>

E. 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.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. Plan Description (Continued)

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, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

2. Postretirement 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>
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	2.0%
2019	0.0%	-10.0%

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, 2020, the WRS recognized \$10,341 in contributions from the Town.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the Town reported an asset of \$31,875 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the Town's proportion was 0.00098855%, which was an increase of 0.00003625% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of \$13,345.

At December 31, 2020, 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	\$ 60,506	\$ 30,279
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	65,164
Changes in Assumptions	2,483	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,732	-
Employer Contributions Subsequent to the Measurement Date	-	-
	<u>10,341</u>	<u>-</u>
Total	<u>\$ 75,062</u>	<u>\$ 95,443</u>

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

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>
2021	\$ (8,936)
2022	(6,570)
2023	1,446
2024	(16,662)
Total	<u>\$ (30,722)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
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
Postretirement Adjustments*	1.9%

* *No postretirement 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 postretirement 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. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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 geometric real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	49.0	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0	7.5	4.6
Variable Fund Asset Class:			
U.S. Equities	70.0	7.5	4.6
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0	7.8	4.9

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

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 2.75%. (Source: Fixed-Income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of 10,000 tax exempt securities.) 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.

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%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 82,084	\$ (31,875)	\$ (117,073)

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/about-etf/reports-and-studies/financial-reports-and-statements>

6. Payables to the Pension Plan

At December 31, 2020, the Town reported a payable of \$1,343 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Fund Equity

Restricted Fund Balance and Net Position

In the fund financial statements and government-wide financial statements, portions of fund balance and net position are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance and net position was as follows:

General Fund:	
Restricted for:	
Park Improvements	\$ 8,806
Fire Department	22,307
Building Improvements	7,960
Total General Fund Restricted Fund Balance	<u>39,073</u>
Debt Service Fund:	51,477
Capital Projects Fund:	<u>789,812</u>
Total Restricted Fund Balance	<u>\$ 880,362</u>

Committed Fund Balance

In the fund financial statements, portions of general fund balance is committed by Town Board action. At December 31, 2020, fund balance was committed as follows:

General Fund:	
Committed for:	
Building improvements	\$ 27,719
Fire Apparatus	90,744
Trail Development	30,066
Hickory Park Trail	69,979
Park Equipment	30,273
Total Committed Fund Balance	<u>\$ 248,781</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, 2020, \$179,492 of the general fund balance was assigned for the subsequent year's budget.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Fund Equity (Continued)

Minimum General Fund Balance Policy

The Town Board has adopted a policy that fund balance in the amount of 30% of current annual general fund operating expenditures, excluding 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:

2020 General Fund Operating Expenditures as Defined by Policy	\$ 1,796,837
Minimum Fund Balance %	(x) 30%
Minimum Fund Balance Amount	<u>\$ 539,051</u>

The Town's unassigned general fund balance of \$801,128 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. The Town completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this coverage in the past three years.

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.

NOTE 5 RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Town, COVID-19 may impact parts of its 2020 operations and financial results. Management believes the Town is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

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%
12/31/19	0.00098855%	(31,875)	169,000	-18.86%	102.96%

SCHEDULE OF CONTRIBUTIONS

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%
12/31/20	10,341	10,341	-	153,195	6.75%

See accompanying Notes to Required Supplementary Information.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

NOTE 1 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

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL REVENUES COLLECTED
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
TAXES				
General Property	\$ 1,451,765	\$ 1,451,765	\$ 1,449,019	\$ (2,746)
Forest Crop and Managed Forest				
Land Taxes	82	82	256	174
Interest on Taxes	-	-	2	2
Other Taxes	3,994	3,994	39,414	35,420
Total Taxes	<u>1,455,841</u>	<u>1,455,841</u>	<u>1,488,691</u>	<u>32,850</u>
INTERGOVERNMENTAL				
State:				
State Shared Taxes	87,236	87,236	87,624	388
Fire Insurance Dues	26,500	26,500	30,854	4,354
Tax Exempt Computer Aid	3,398	3,398	3,398	-
Transportation	178,725	178,725	178,725	-
Forest Croplands	20	20	18	(2)
Ems	-	-	19,691	19,691
Other	9,281	9,281	104,734	95,453
Other Local Aids:				
Valley Transit	57,990	57,990	62,091	4,101
Recycling	35,945	35,945	67,137	31,192
Total Intergovernmental	<u>399,095</u>	<u>399,095</u>	<u>554,272</u>	<u>155,177</u>
LICENSES AND PERMITS				
Licenses:				
Business and Occupational	54,800	54,800	51,012	(3,788)
Dog	2,000	2,000	1,526	(474)
Permits:				
Building	32,081	32,081	31,496	(585)
Zoning and Permit Fees	5,700	5,700	5,850	150
Other Permits	1,550	1,550	50	(1,500)
Total Licenses and Permits	<u>96,131</u>	<u>96,131</u>	<u>89,934</u>	<u>(6,197)</u>
FINES AND FORFEITS				
Court Fines and Penalties	12,100	12,100	9,414	(2,686)
PUBLIC CHARGES FOR SERVICES				
General Government	4,321	4,321	4,814	493
Fire Protection Fees	6,200	6,200	924	(5,276)
Transportation	15,776	15,776	16,269	493
Sanitation and Utilities	354,126	354,126	355,106	980
Drainage	25,000	25,000	5,786	(19,214)
Park Impact Fees	7,644	7,644	5,280	(2,364)
Total Public Charges for Services	<u>413,067</u>	<u>413,067</u>	<u>388,179</u>	<u>(24,888)</u>

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL REVENUES COLLECTED (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Crossing Guards	\$ 1,900	\$ 1,900	\$ 1,303	\$ (597)
MISCELLANEOUS				
Interest on Investments	20,100	20,100	31,034	10,934
Hall Rental	1,687	1,687	600	(1,087)
Sale of Other Property	-	-	11,458	11,458
Donations	-	-	20,477	20,477
Total Miscellaneous	<u>21,787</u>	<u>21,787</u>	<u>63,569</u>	<u>41,782</u>
Total Revenues	<u>\$ 2,399,921</u>	<u>\$ 2,399,921</u>	<u>\$ 2,595,362</u>	<u>\$ 195,441</u>

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
GENERAL GOVERNMENT				
Legislative (Town Board)	\$ 32,780	\$ 32,780	\$ 33,511	\$ (731)
Legal Fees	35,000	35,000	33,396	1,604
Administration:				
Town Administrator	91,419	91,419	113,054	(21,635)
Office Salaries and Benefits	170,336	170,336	107,914	62,422
Elections	17,165	17,165	24,083	(6,918)
Office Technology	8,892	8,892	7,933	959
Other General Administration	62,716	62,716	79,988	(17,272)
Accounting and Auditing	7,100	7,100	9,200	(2,100)
Assessment	48,500	48,500	47,969	531
General Buildings, Town Hall:				
Hall Supplies and Expenses	34,049	34,049	26,852	7,197
Maintenance Workers	21,900	21,900	25,688	(3,788)
Other General Government:				
Insurance	24,000	24,000	24,625	(625)
Illegal Taxes Refunded	-	-	664	(664)
Other General Government	25,750	25,750	60,039	(34,289)
Total General Government	<u>579,607</u>	<u>579,607</u>	<u>594,916</u>	<u>(15,309)</u>
PUBLIC SAFETY				
Law Enforcement	402,425	402,425	345,086	57,339
Fire Protection	191,145	191,145	165,931	25,214
Emergency Medical Services	28,900	28,900	21,705	7,195
Emergency Management Services	3,000	3,000	4,197	(1,197)
Building Inspection	19,975	19,975	18,545	1,430
Other Public Safety	3,500	3,500	2,643	857
Total Public Safety	<u>648,945</u>	<u>648,945</u>	<u>558,107</u>	<u>90,838</u>
PUBLIC WORKS				
Highway and Street Maintenance	205,000	205,000	111,252	93,748
Road Related Facilities	61,627	61,627	31,648	29,979
Stormwater	-	-	1,210	(1,210)
Sanitation	390,071	390,071	408,486	(18,415)
Mass Transit	72,639	72,639	66,583	6,056
Total Public Works	<u>729,337</u>	<u>729,337</u>	<u>619,179</u>	<u>110,158</u>
CULTURE AND RECREATION				
Parks	9,000	9,000	10,543	(1,543)
Recreation Programs and Events	1,000	1,000	-	1,000
Total Culture and Recreation	<u>10,000</u>	<u>10,000</u>	<u>10,543</u>	<u>(543)</u>
CONSERVATION AND DEVELOPMENT				
Planning and Zoning	10,140	10,140	3,032	7,108
Economic Development	3,700	3,700	2,975	725
Stormwater, Erosion, and Drainage	21,300	21,300	8,085	13,215
Total Conservation and Development	<u>35,140</u>	<u>35,140</u>	<u>14,092</u>	<u>21,048</u>

**TOWN OF BUCHANAN
 OUTAGAMIE COUNTY, WISCONSIN
 GENERAL FUND
 SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
CAPITAL OUTLAY				
General Government	\$ 106,392	\$ 106,392	\$ 117,921	\$ (11,529)
Fire Protection	15,500	15,500	5,200	10,300
Highway Construction	10,000	10,000	36,111	(26,111)
Parks	164,161	164,161	138,934	25,227
Total Capital Outlay	<u>296,053</u>	<u>296,053</u>	<u>298,166</u>	<u>(2,113)</u>
 Total Expenditures	 <u>\$ 2,299,082</u>	 <u>\$ 2,299,082</u>	 <u>\$ 2,095,003</u>	 <u>\$ 204,079</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***

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 26, 2021.

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) as a basis for designing 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 deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 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 financial statements. 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
February 26, 2021

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting

2020-001

Control Deficiencies

**Preparation of Annual Financial Report
Repeat of Finding 2019-001**

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 C.

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.

Context

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.

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

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 Clerk/Treasurer and Town Administrator will continue to review and approve the annual financial report prior to issuance.

**TOWN OF BUCHANAN
OUTAGAMIE COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting (Continued)

2020-002

**Control Deficiencies
Adjustments to the Town’s Financial Records**

Condition

As part of our audit, we proposed adjusting journal entries that were material to the Town’s financial statements.

Context

While performing audit procedures, it was noted that management does not have sufficient controls in place related to year-end closing procedures.

Criteria

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause

While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Effect

Year-end financial records prepared by the Town may contain material misstatements.

Recommendation

We recommend the Town designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

Management Response

The Town Administrator reviews and approves the material journal entries, along with the supporting documentation.

Section II – Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under Government Auditing Standards generally accepted in the United States of America for the year ended December 31, 2020.