

**Appendix M**

**Town of Lisbon 2017-2021 Financial  
Statements**

# **Town of Lisbon**

Financial Statements and  
Supplementary Information

December 31, 2021

# Town of Lisbon

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December 31, 2021

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## **Independent Auditors' Report**

To the Town Board of  
Town of Lisbon

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lisbon (the Town), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinions on the financial statements are not affected by this missing information.

### **Supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
April 13, 2022

## **BASIC FINANCIAL STATEMENTS**

# Town of Lisbon

## Statement of Net Position

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 6,971,166	\$ 366,651	\$ 7,337,817
Taxes receivable	5,396,495	236,181	5,632,676
Accounts receivable, net	916,025	-	916,025
Prepaid items	45,132	-	45,132
Land held for resale	1,609,573	-	1,609,573
Restricted asset:			
Net pension asset	485,649	-	485,649
Capacity entitlements, net	960,938	-	960,938
Capital assets:			
Land	558,240	530,141	1,088,381
Other capital assets	45,604,581	757,987	46,362,568
Less accumulated depreciation/amortization	(22,774,653)	(69,650)	(22,844,303)
Total assets	39,773,146	1,821,310	41,594,456
<b>Deferred Outflows of Resources</b>			
Pension related amounts	811,477	-	811,477
OPEB related amounts	3,434	-	3,434
Total deferred outflows of resources	814,911	-	814,911
<b>Liabilities</b>			
Accounts payable and accrued liabilities	280,102	4,629	284,731
Deposits	255,493	200	255,693
Accrued interest payable	103,700	-	103,700
Unearned revenue	556,156	-	556,156
Noncurrent liabilities:			
Due within one year	1,289,482	-	1,289,482
Due in more than one year	9,846,668	-	9,846,668
Total liabilities	12,331,601	4,829	12,336,430
<b>Deferred Inflows of Resources</b>			
Pension related amounts	1,064,008	-	1,064,008
OPEB related amounts	46,101	-	46,101
Unearned revenues	5,412,204	236,181	5,648,385
Total deferred inflows of resources	6,522,313	236,181	6,758,494
<b>Net Position</b>			
Net investment in capital assets	14,387,258	688,337	15,075,595
Restricted:			
Debt service	320,656	-	320,656
Library	10,710	-	10,710
Park	178,648	-	178,648
Building	314,458	-	314,458
Fire operations	31,818	-	31,818
Pension	485,649	-	485,649
Sewer study	104,938	-	104,938
Unrestricted	5,900,008	891,963	6,791,971
Total net position	\$ 21,734,143	\$ 1,580,300	\$ 23,314,443

See notes to financial statements



# Town of Lisbon

## Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
General government	\$ 1,093,085	\$ 171,329	\$ -	\$ -	\$ (921,756)	\$ -	\$ (921,756)
Public safety	2,748,440	1,618,397	59,368	-	(1,070,675)	-	(1,070,675)
Public works	2,904,796	343,974	441,008	2,640,905	521,091	-	521,091
Sanitation	819,470	878,165	-	-	58,695	-	58,695
Culture and recreation	167,332	101,502	14	-	(65,816)	-	(65,816)
Conservation and development	2,212,827	187,687	-	250,000	(1,775,140)	-	(1,775,140)
Interest and fiscal charges	254,755	-	-	-	(254,755)	-	(254,755)
Total governmental activities	10,200,705	3,301,054	500,390	2,890,905	(3,508,356)	-	(3,508,356)
<b>Business-Type Activities</b>							
Utility District No. 1 - Stormwater and Refuse	167,289	241,451	-	469,632	-	543,794	543,794
Total business-type activities	167,289	241,451	-	469,632	-	543,794	543,794
Total primary government	\$ 10,367,994	\$ 3,542,505	\$ 500,390	\$ 3,360,537	(3,508,356)	543,794	(2,964,562)
General revenues							
Taxes:							
Property taxes, levied for general purposes					2,689,753	-	2,689,753
Property taxes, levied for debt service					1,480,715	-	1,480,715
Property taxes, levied for capital projects					239,400	-	239,400
Property taxes, levied for tax increment					15,484	-	15,484
Other taxes					180,046	-	180,046
Intergovernmental revenues not restricted to specific programs					266,145	-	266,145
Investment income					11,876	-	11,876
Gain on sale of capital assets					324,279	-	324,279
Miscellaneous					70,345	-	70,345
Total general revenues					5,278,043	-	5,278,043
Change in net position					1,769,687	543,794	2,313,481
<b>Net Position, Beginning</b>					19,964,456	1,036,506	21,000,962
<b>Net Position, Ending</b>					\$ 21,734,143	\$ 1,580,300	\$ 23,314,443

See notes to financial statements

**Town of Lisbon**

Balance Sheet - Governmental Funds  
December 31, 2021

			Capital Projects			
	General	Debt Service Fund	Equipment Acquisition Fund	TID #1 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 3,756,325	\$ 424,356	\$ 1,593,757	\$ -	\$ 1,196,728	\$ 6,971,166
Taxes receivable	3,944,262	1,452,233	-	-	-	5,396,495
Accounts receivable (net)	600,536	-	-	315,489	-	916,025
Due from other funds	798,496	-	-	-	-	798,496
Prepaid items	45,132	-	-	-	-	45,132
Total assets	9,144,751	1,876,589	1,593,757	315,489	1,196,728	14,127,314
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>						
Liabilities:						
Accounts payable	145,688	-	450	49,252	-	195,390
Accrued liabilities	84,478	-	-	153	81	84,712
Deposits	255,493	-	-	-	-	255,493
Unearned revenue	-	-	-	-	556,156	556,156
Due to other funds	-	-	-	791,149	7,347	798,496
Total liabilities	485,659	-	450	840,554	563,584	1,890,247
<b>Deferred Inflows of Resources</b>						
Unearned revenue	3,959,971	1,452,233	-	-	-	5,412,204
<b>Fund Balances (Deficits)</b>						
Nonspendable	45,132	-	-	-	-	45,132
Restricted	-	424,356	-	1,100,204	640,572	2,165,132
Committed	-	-	1,593,307	-	-	1,593,307
Assigned	194,000	-	-	-	-	194,000
Unassigned (deficits)	4,459,989	-	-	(1,625,269)	(7,428)	2,827,292
Total fund balances (deficits)	4,699,121	424,356	1,593,307	(525,065)	633,144	6,824,863
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 9,144,751</u>	<u>\$ 1,876,589</u>	<u>\$ 1,593,757</u>	<u>\$ 315,489</u>	<u>\$ 1,196,728</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note 2.	23,388,168
Some receivables that are not currently available are reported as unavailable revenues in the fund statements but are recognized as revenues when earned in the government-wide statements.	
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	485,649
Land held for resale does not relate to current financial resources and is not reported in the governmental funds.	1,609,573
Capacity entitlements do not relate to current financial resources and are not reported in the governmental funds.	960,938
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	811,477
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	3,434
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,064,008)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(46,101)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds - accrued interest.	(103,700)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.	(11,136,150)
Net position of governmental activities	<u>\$ 21,734,143</u>

See notes to financial statements

**Town of Lisbon**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2021

			Capital Projects			
	General	Debt Service Fund	Equipment Acquisition Fund	TID #1 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 2,804,310	\$ 1,480,715	\$ 239,400	\$ 80,973	\$ -	\$ 4,605,398
Intergovernmental revenues	772,961	-	-	250,000	-	1,022,961
Regulation and compliance	653,824	-	-	-	-	653,824
Public charges for services	2,417,865	-	-	-	166,219	2,584,084
Intergovernmental charges for services	34,836	-	64,555	-	39,859	139,250
Investment income	11,876	-	-	-	-	11,876
Miscellaneous	54,755	-	15,000	-	2,064	71,819
Total revenues	6,750,427	1,480,715	318,955	330,973	208,142	9,089,212
<b>Expenditures</b>						
Current:						
General government	1,042,060	-	-	-	-	1,042,060
Public safety	2,601,559	-	-	-	-	2,601,559
Public works	835,749	-	-	-	78,797	914,546
Sanitation	819,470	-	-	-	-	819,470
Culture and recreation	166,728	-	-	-	2,308	169,036
Conservation and development	-	-	-	2,212,827	-	2,212,827
Capital outlay	-	-	214,898	-	-	214,898
Debt service:						
Principal	-	1,624,303	-	-	-	1,624,303
Interest	-	194,393	-	63,289	-	257,682
Total expenditures	5,465,566	1,818,696	214,898	2,276,116	81,105	9,856,381
Excess (deficiency) of revenues over expenditures	1,284,861	(337,981)	104,057	(1,945,143)	127,037	(767,169)
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	552	400,125	23,575	-	-	424,252
Debt issued	-	-	-	3,360,000	-	3,360,000
Transfers in	-	340,917	442,566	-	-	783,483
Transfers out	(783,483)	-	-	-	-	(783,483)
Total other financing sources (uses)	(782,931)	741,042	466,141	3,360,000	-	3,784,252
Net change in fund balances	501,930	403,061	570,198	1,414,857	127,037	3,017,083
<b>Fund Balance (Deficit), Beginning</b>	4,197,191	21,295	1,023,109	(1,939,922)	506,107	3,807,780
<b>Fund Balance (Deficit), Ending</b>	\$ 4,699,121	\$ 424,356	\$ 1,593,307	\$ (525,065)	\$ 633,144	\$ 6,824,863

See notes to financial statements

## Town of Lisbon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2021

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,017,083

Amounts reported for governmental activities in the statement of activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of net position the cost of these assets is capitalized and they are  
depreciated over their estimated useful lives and reported as depreciation expense in  
the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	214,898
Some items reported as capital outlay were not capitalized	(124,753)
Depreciation is recorded in the government-wide statements	(2,042,740)
Net book value of assets disposed of	(55,805)

Contributed capital assets are reported as revenues in the government-wide financial statements.	2,556,900
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Cost of land held for resale sold during the year	(99,972)
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Debt issued provides current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net  
position. Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the statement of  
net position.

Debt Issued	(3,360,000)
Principal repaid	1,624,303

Some expenses in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures  
in the governmental funds.

Accrued sick and vacation pay	(34,298)
Net pension liability/asset	244,301
Deferred outflows of resources related to pension and OPEB	245,590
Deferred inflows of resources related to pension and OPEB	(296,238)
Total other postemployment benefit liability	(2,469)
Amortization of deferred charge on refunding	(11,519)
Amortization of premium on long-term debt	30,724
Accrued interest on debt	(16,278)
Amortization of capacity entitlements	(120,040)

**Change in Net Position of Governmental Activities** \$ 1,769,687

## Town of Lisbon

Statement of Net Position - Proprietary Fund  
December 31, 2021

	<b>Business-Type Activities - Enterprise Fund Storm Water Fund</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 366,651
Taxes receivable	236,181
Total current assets	602,832
<b>NonCurrent Assets</b>	
Capital assets:	
Land	530,141
Property and equipment	757,987
Less accumulated depreciation/amortization	(69,650)
Total noncurrent assets	1,218,478
Total assets	1,821,310
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	2,357
Accrued liabilities	2,272
Deposits	200
Total current liabilities	4,829
<b>Deferred Inflows of Resources</b>	
Subsequent year's tax levy	236,181
<b>Net Position</b>	
Investment in capital assets	688,337
Unrestricted	891,963
Total net position	\$ 1,580,300

See notes to financial statements

## Town of Lisbon

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
Year Ended December 31, 2021

	<b>Business-Type Activities - Enterprise Fund Storm Water Fund</b>
<b>Operating Revenues</b>	
Charges for services	\$ 241,451
<b>Operating Expenses</b>	
Operation and maintenance	158,024
Depreciation	9,265
Total operating expenses	167,289
Operating income before capital contributions	74,162
<b>Capital Contributions</b>	469,632
Change in net position	543,794
<b>Net Position, Beginning</b>	1,036,506
<b>Net Position, Ending</b>	\$ 1,580,300

See notes to financial statements

## Town of Lisbon

Statement of Cash Flows - Proprietary Fund  
Year Ended December 31, 2021

	<b>Business-Type Activities - Enterprise Fund Storm Water Fund</b>
<b>Cash Flows From Operating Activities</b>	
Received from customers	\$ 241,451
Paid to vendors for goods and services	(102,684)
Paid to employees for services	(56,912)
Net cash flows from operating activities	81,855
Net change in cash and cash equivalents	81,855
<b>Cash and Cash Equivalents, Beginning</b>	284,796
<b>Cash and Cash Equivalents, Ending</b>	\$ 366,651
<b>Reconciliation of Operating Income to Net Cash From Operating Activities:</b>	
Operating income	\$ 74,162
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	9,265
Changes in assets and liabilities:	
Taxes receivable	(4,405)
Accounts payable	2,357
Accrued liabilities	125
Due to other funds	(4,054)
Deferred inflow of resources, subsequent year's tax levy	4,405
Net cash flows from operating activities	\$ 81,855
<b>Noncash Capital and Related Financing Activities</b>	
Capital assets contributed	\$ 469,632

See notes to financial statements

## Town of Lisbon

Statement of Fiduciary Net Position - Fiduciary Fund  
December 31, 2021

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,490,175
Taxes receivable	<u>4,326,847</u>
Total assets	<u>14,817,022</u>
<b>Liabilities</b>	
Accounts payable	55,545
Due to other taxing units	<u>14,761,477</u>
Total liabilities	<u>14,817,022</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements



## Town of Lisbon

### Statement of Change in Fiduciary Net Position - Fiduciary Fund Year Ended December 31, 2021

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
<b>Additions</b>	
Tax collections	<u>\$ 14,497,536</u>
<b>Deductions</b>	
Payments to overlying districts	<u>14,497,536</u>
Net change in net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Town of Lisbon

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December 31, 2021

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# Town of Lisbon

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Notes to Financial Statements  
December 31, 2021

## 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Lisbon, Wisconsin (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

This report includes all of the funds of the Town. The reporting entity for the Town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Town has not identified any organizations that meet this criteria.

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### Fund Financial Statements

Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and

## Town of Lisbon

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Notes to Financial Statements  
December 31, 2021

- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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**

General Fund accounts for the Town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

### **Debt Service Fund**

Debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

### **Capital Projects Funds**

Capital projects fund - Equipment Acquisition Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital projects fund - Tax Incremental District (TID) No. 1 is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

### **Enterprise Funds**

The Town reports the following major enterprise fund:

Storm Water Fund accounts for operations of the storm water system.

The Town reports the following nonmajor governmental funds:

### **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library Fund  
Building Fund  
Compost Fund

Park Fund  
Fire Operations Fund  
ARPA Fund

## **Capital Projects Funds**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sewer Study Fund

In addition, the Town reports the following fund type:

## **Custodial Funds**

Custodial Funds are used to account for and report assets controlled by the Town and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Roll Fund

## **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's storm water fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

## **Town of Lisbon**

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Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

### **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 storm water fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

#### **Deposits and Investments**

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Town funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

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- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Town has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Credit risk  
Custodial credit risk  
Interest rate risk  
Concentration of credit risk  
Investments highly sensitive to interest rate changes  
Foreign currency risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4 for further information.

### Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar, 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale, 2021 delinquent real estate taxes	October 2024

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

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Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the storm water fund because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years



## **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

## **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

## **Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021, are determined on the basis of current salary rates and include salary related payments.

## **Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

## **Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## **Equity Classifications**

### **Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

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- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either 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.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

### Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either 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.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20 percent of the ensuing year's budgeted general fund expenditures with a target of 30 percent. The balance at year end was \$1,228,450 and is included in unassigned general fund fund balance.

See Note 4 for further information.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

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### Pension

For purposes of measuring the net pension liability (asset), 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.

### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Town OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

### Basis for Existing Rates

#### Storm Water Fund

Current storm water rates are approved by the Town Board annually and placed on tax bills.

#### Land Held for Resale

The Town purchased land held for resale. In the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

## 2. Reconciliation of Government-Wide and Fund Financial Statements

### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance, total governmental funds and net position, governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	558,240
Buildings and improvements		3,109,754
Equipment and furnishings		5,918,096
Infrastructure		36,530,721
Intangible, software		46,010
Less accumulated depreciation/amortization		<u>(22,774,653)</u>
Combined adjustment for capital assets	\$	<u>23,388,168</u>

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	9,947,498
Accumulated sick and vacation pay		159,390
Village of Sussex contract payable		705,193
Unamortized debt premium		153,616
Other post employment benefits		<u>170,453</u>
Combined adjustment for long-term liabilities	\$	<u>11,136,150</u>

### 3. Stewardship, Compliance and Accountability

#### Budgetary Information

A budget has been adopted for the General Fund, Debt Service Fund, Special Revenue Fund - Compost and the Capital Project Fund - Equipment Acquisition Fund. A budget has not been formally adopted for Special revenue funds - Park Fund, Building Fund, Fire Operations Fund, Library Fund and ARPA Fund and Capital projects funds - Sewer study Fund and TID #1 Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2021, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Project Fund, TID #1 Fund	\$ 525,065	Expenditures exceeding revenue sources
Special Revenue Fund, Compost Fund	7,428	Expenditures exceeding revenue sources

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Fund deficits are anticipated to be funded with future tax increment or long-term borrowing.

#### Limitations on the Town's Tax Levy

Wisconsin law limits the Town's future tax levies. Generally the Town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

### 4. Detailed Notes on All Funds

#### Deposits and Investments

The Town's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 15,892,680	\$ 10,578,326	Custodial credit
LGIP	1,935,112	1,935,112	Credit
	<u>200</u>	<u>-</u>	
Total deposits and investments	<u>\$ 17,827,992</u>	<u>\$ 12,513,438</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 7,337,817		
Per statement of fiduciary net position			
tax roll fund	<u>10,490,175</u>		
Total deposits and investments	<u>\$ 17,827,992</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Town maintains collateral agreements with its banks. At December 31, 2021, the banks had pledged various government securities in the amount of \$11,273,718 to secure the Town's deposits.

#### Custodial Credit Risk

##### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to the Town.

The Town does not have any deposits exposed to custodial credit risk.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Town had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

# Town of Lisbon

Notes to Financial Statements  
December 31, 2021

## Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 5,412,204
Grants received prior to meeting all eligibility requirements	<u>556,156</u>
Total unearned/unavailable revenue for governmental funds	<u><u>\$ 5,968,360</u></u>

## Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total capital assets not being depreciated	<u>558,240</u>	<u>-</u>	<u>-</u>	<u>558,240</u>
Capital assets being depreciated:				
Buildings and improvements	3,109,754	-	-	3,109,754
Equipment and furnishings	6,031,975	68,115	181,994	5,918,096
Infrastructure	33,951,791	2,578,930	-	36,530,721
Intangibles, software	46,010	-	-	46,010
Total capital assets being depreciated	<u>43,139,530</u>	<u>2,647,045</u>	<u>181,994</u>	<u>45,604,581</u>
Total capital assets	<u>43,697,770</u>	<u>2,647,045</u>	<u>181,994</u>	<u>46,162,821</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,099,236)	(22,090)	-	(1,121,326)
Equipment and furnishings	(3,046,623)	(382,140)	126,189	(3,302,574)
Infrastructure	(16,706,108)	(1,635,826)	-	(18,341,934)
Intangibles, software	(6,135)	(2,684)	-	(8,819)
Total accumulated depreciation	<u>(20,858,102)</u>	<u>(2,042,740)</u>	<u>126,189</u>	<u>(22,774,653)</u>
Net capital assets being depreciated	<u>22,281,428</u>	<u>604,305</u>	<u>55,805</u>	<u>22,829,928</u>
Total governmental activities capital assets, net of accumulated depreciation	<u><u>\$ 22,839,668</u></u>	<u><u>\$ 604,305</u></u>	<u><u>\$ 55,805</u></u>	<u><u>\$ 23,388,168</u></u>

# Town of Lisbon

## Notes to Financial Statements

December 31, 2021

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 62,727
Public safety	158,319
Public works	1,801,620
Culture and recreation	<u>20,074</u>

Total governmental activities depreciation expense \$ 2,042,740

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total capital assets not being depreciated	<u>530,141</u>	<u>-</u>	<u>-</u>	<u>530,141</u>
Capital assets being depreciated:				
Storm water infrastructure	280,686	469,632	-	750,318
Intangible, software	<u>7,669</u>	<u>-</u>	<u>-</u>	<u>7,669</u>
Total capital assets being depreciated	<u>288,355</u>	<u>469,632</u>	<u>-</u>	<u>757,987</u>
Total capital assets	<u>818,496</u>	<u>469,632</u>	<u>-</u>	<u>1,288,128</u>
Less accumulated depreciation for:				
Storm water infrastructure	(59,427)	(8,881)	-	(68,308)
Intangible, software	<u>(958)</u>	<u>(384)</u>	<u>-</u>	<u>(1,342)</u>
Total accumulated depreciation	<u>(60,385)</u>	<u>(9,265)</u>	<u>-</u>	<u>(69,650)</u>
Net capital assets being depreciated	<u>227,970</u>	<u>460,367</u>	<u>-</u>	<u>688,337</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 758,111</u>	<u>\$ 460,367</u>	<u>\$ -</u>	<u>\$ 1,218,478</u>

### Interfund Receivables/Payables and Transfers

#### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special revenue fund, compost fund	\$ 7,347
General Fund	Capital projects fund, TID #1 fund	<u>791,149</u>
Total, fund financial statements		798,496
Less fund eliminations		<u>(798,496)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

All amounts are due within one year.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

The principal purpose of these interfunds is to fund cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

### Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 340,917	To cover debt service costs.
Capital Projects Fund, Equipment Acquisition fund	General Fund	<u>442,566</u>	Sinking fund budget for capital costs.
Total, fund financial statements		783,483	
Less fund eliminations		<u>(783,483)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 8,104,271	\$ 3,360,000	\$ 1,516,773	\$ 9,947,498	\$ 1,179,214
Village of Sussex Contracts Payable	812,723	-	107,530	705,193	110,268
(Discounts)/Premiums	<u>184,340</u>	<u>-</u>	<u>30,724</u>	<u>153,616</u>	<u>-</u>
Total bonds and notes payable	<u>9,101,334</u>	<u>3,360,000</u>	<u>1,655,027</u>	<u>10,806,307</u>	<u>1,289,482</u>
Other liabilities:					
Other postemployment benefits liability	167,984	2,469	-	170,453	-
Accumulated sick and vacation pay	<u>125,092</u>	<u>41,420</u>	<u>7,122</u>	<u>159,390</u>	<u>-</u>
Total other liabilities	<u>293,076</u>	<u>43,889</u>	<u>7,122</u>	<u>329,843</u>	<u>-</u>
Total governmental activities long- term liabilities	<u>\$ 9,394,410</u>	<u>\$ 3,403,889</u>	<u>\$ 1,662,149</u>	<u>\$ 11,136,150</u>	<u>\$ 1,289,482</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed 5 percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2021, was \$77,552,090. Total general obligation debt outstanding at year end was \$9,947,498.



# Town of Lisbon

Notes to Financial Statements  
December 31, 2021

## General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Town. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>					<b>Balance</b>
<b>General Obligation Debt</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>December 31, 2021</b>
General obligation debt	08/15/12	08/15/22	2.00%	\$ 594,250	\$ 59,425
General obligation debt	08/01/13	08/01/23	2.00%	567,000	113,400
General obligation debt	03/01/14	03/01/24	2.90%	539,250	161,775
General obligation debt	01/01/15	02/15/22	0.00%	23,304	2,913
General obligation debt	07/07/16	03/01/26	2.00%	8,060,000	4,675,000
General obligation debt	07/26/16	03/15/36	3.50%	1,700,000	1,360,699
General obligation debt	02/28/20	01/15/27	2.00%	250,000	214,286
Taxable general obligation debt	03/17/21	03/01/31	0.3-1.55%	3,360,000	<u>3,360,000</u>
Total governmental activities, general obligation debt					<u><u>\$ 9,947,498</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,179,214	\$ 212,468
2023	1,184,345	165,555
2024	1,200,083	140,913
2025	1,168,915	117,226
2026	1,186,653	93,799
2027-2031	3,494,842	334,761
2032-2036	<u>533,446</u>	<u>57,361</u>
Total	<u><u>\$ 9,947,498</u></u>	<u><u>\$ 1,122,083</u></u>

## Village of Sussex contracts payable

Village of Sussex contracts payable at December 31, 2021 consist of the following:

<u>Governmental Activities</u>					<b>Balance</b>
<b>Village of Sussex contracts payable</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>December 31, 2021</b>
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	<u>\$ 705,193</u>
Total governmental activities village of sussex contracts payable					<u><u>\$ 705,193</u></u>

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities Village of Sussex contracts payable</b>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 110,268	\$ 16,557
2023	113,076	13,713
2024	115,956	10,796
2025	118,910	7,805
2026	121,939	4,738
2027	<u>125,044</u>	<u>1,592</u>
Total	<u>\$ 705,193</u>	<u>\$ 55,201</u>

### Other Debt Information

Estimated payments of accumulated sick and vacation pay and the other post employment benefits liability are not included in the debt service requirement schedules. The accumulated sick and vacation pay and the other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

### Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

#### Governmental Activities

Net investment in capital assets:

Land	\$ 558,240
Other capital assets, net of accumulated depreciation/amortization	22,829,928
Less long-term debt outstanding	(9,947,498)
Plus unspent capital related debt proceeds	1,100,204
Less unamortized debt premium	<u>(153,616)</u>
Total net investment in capital assets	<u>\$ 14,387,258</u>

# Town of Lisbon

Notes to Financial Statements  
December 31, 2021

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

			Capital Projects			
	General Fund	Debt Service Fund	Equipment Acquisition Fund	TID #1 Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Prepaid items	\$ 45,132	\$ -	\$ -	\$ -	\$ -	\$ 45,132
Subtotal	45,132	-	-	-	-	45,132
<b>Restricted for:</b>						
Library	-	-	-	-	10,710	10,710
Park	-	-	-	-	178,648	178,648
Building	-	-	-	-	314,458	314,458
Fire operations	-	-	-	-	31,818	31,818
Sewer study	-	-	-	-	104,938	104,938
TID capital outlay	-	-	-	1,100,204	-	1,100,204
Debt service	-	424,356	-	-	-	424,356
Subtotal	-	424,356	-	1,100,204	640,572	2,165,132
<b>Committed to:</b>						
Equipment acquisition	-	-	1,593,307	-	-	1,593,307
Subtotal	-	-	1,593,307	-	-	1,593,307
<b>Assigned to:</b>						
Other						
postemployment benefits	170,000	-	-	-	-	170,000
Impact fee study	8,000	-	-	-	-	8,000
Litigation	16,000	-	-	-	-	16,000
Subtotal	194,000	-	-	-	-	194,000
<b>Unassigned (deficit):</b>	4,459,989	-	-	(1,625,269)	(7,428)	2,827,292
Total fund balances (deficit)	\$ 4,699,121	\$ 424,356	\$ 1,593,307	\$ (525,065)	\$ 633,144	\$ 6,824,863

### 5. Other Information

#### Employees' Retirement System

##### 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, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

##### Vesting

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.

##### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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 Lisbon

Notes to Financial Statements  
December 31, 2021

### 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:

<b>Year</b>	<b>Core Fund Adjustment %</b>	<b>Variable Fund Adjustment %</b>
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	17.0
2019	0.0	(10.0)
2020	1.7	21.0

### 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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 reporting period, the WRS recognized \$88,387 in contributions from the Town.

Contribution rates for the plan year reported as of December 31, 2021 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

## Town of Lisbon

### Notes to Financial Statements

December 31, 2021

#### Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Town reported an asset of \$485,649 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 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, 2020, the Town's proportion was 0.00777893 percent, which was an increase of 0.00029399 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized pension expense of \$(60,420).

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 702,883	\$ 151,399
Changes in assumptions	11,015	-
Net differences between projected and actual earnings on pension plan investments	-	911,767
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,935	842
Employer contributions subsequent to the measurement date	<u>94,644</u>	<u>-</u>
Total	<u><u>\$ 811,477</u></u>	<u><u>\$ 1,064,008</u></u>

\$94,644 reported as deferred outflows related to pension resulting from the WRS Employer's conPlan fiduciary net position as a percentage of the total pension liability contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</b>
2022	\$ (89,447)
2023	(23,237)
2024	(164,645)
2025	(69,846)

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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 percent 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. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent 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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

### 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:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	<u>\$ 462,270</u>	<u>\$ (485,649)</u>	<u>\$ (1,181,889)</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2021, the Town reported a payable to the pension plan of \$13,347 which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

### Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Town attorney 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 Postemployment Benefits

The Town administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the Town.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

### General Information about the OPEB Plan

#### Plan Description

The Town's defined benefit OPEB plan, provides OPEB for all permanent full-time employees hired prior to January 1, 2000 upon retirement and that are eligible for WRS. The OPEB plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### Benefits Provided

The Town provides healthcare insurance benefits for retirees. The benefit terms provide for payment of 75 percent of health insurance premiums for retirees.

#### Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	17
Total	19

#### Total OPEB Liability

The Town's total OPEB liability of \$170,453 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Healthcare cost trend rates	Actual, then 6.4% decreasing by 0.10% per year down to 5.0% and level thereafter.

The discount rate was based on the municipal bond rate of 2.25 percent discounted by years of projected payments.

Mortality rates were based on the Wisconsin 2018 mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60 percent).

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience from 2015 - 2017.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2020	<u>\$ 167,984</u>
Changes for the year:	
Service cost	4,249
Interest	4,528
Changes in assumptions or other inputs	4,579
Other	<u>(10,887)</u>
Net changes	<u>2,469</u>
Balances at December 31, 2021	<u>\$ 170,453</u>

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 179,766</u>	<u>\$ 170,453</u>	<u>\$ 161,359</u>

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ( 5.4 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.4 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 156,046</u>	<u>\$ 170,453</u>	<u>\$ 186,518</u>

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Town recognized negative OPEB expense of \$33,249. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 42,965
Changes of assumptions or other inputs	<u>3,434</u>	<u>3,136</u>
Total	<u>\$ 3,434</u>	<u>\$ 46,101</u>

## Town of Lisbon

Notes to Financial Statements  
December 31, 2021

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

<u>Year Ended :</u>	<u>Deferred Outflows of Resource and Deferred Inflows of Resources (net)</u>
2022	\$ (22,638)
2023	(21,173)
2024	1,144

### Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

### Capacity Entitlements

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the Town. The Town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the town were \$764,716. In 2009 and 2019, upgrades and expansion to the wastewater facility were completed. The costs allocated to the Town for this project were \$1,912,595 and \$220,160, respectively. The capacity entitlements asset represents the capacity rights the Town as purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2021, accumulated amortization was \$1,936,533.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## Town of Lisbon

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended December 31, 2021

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 2,785,306	\$ 2,804,310	\$ 19,004
Intergovernmental revenues	602,223	772,961	170,738
Regulation and compliance	429,905	653,824	223,919
Public charges for services	1,520,013	2,417,865	897,852
Intergovernmental charges for services	35,000	34,836	(164)
Investment income	43,000	11,876	(31,124)
Miscellaneous	22,500	54,755	32,255
Total revenues	5,437,947	6,750,427	1,312,480
<b>Expenditures</b>			
Current:			
General government	904,503	1,042,060	(137,557)
Public safety	2,504,042	2,601,559	(97,517)
Public works	1,310,403	835,749	474,654
Sanitation	872,125	819,470	52,655
Culture and recreation	187,791	166,728	21,063
Total expenditures	5,778,864	5,465,566	313,298
Excess of revenues over (under) expenditures	(340,917)	1,284,861	1,625,778
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	552	552
Transfers out	-	(783,483)	(783,483)
Total other financing sources (uses)	-	(782,931)	(782,931)
Net change in fund balance	\$ (340,917)	501,930	\$ 842,847
<b>Fund Balance, Beginning</b>		4,197,191	
<b>Fund Balance, Ending</b>		\$ 4,699,121	

See notes to required supplementary information

## Town of Lisbon

### Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System Year Ended December 31, 2021

WRS Fiscal Year End	Proportion of the Net Pension	Proportionate Share of the Net Pension	Covered	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Date	Asset	Liability (Asset)	Payroll	Covered Payroll	(Asset)
12/31/2014	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/2015	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/2016	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/2017	0.007018000%	(208,370)	907,525	23.14%	102.93%
12/31/2018	0.007224310%	257,018	900,683	26.35%	96.45%
12/31/2019	0.007484940%	(241,348)	1,041,535	23.34%	102.96%
12/31/2020	0.007778930%	(485,649)	1,032,658	47.03%	105.26%

### Schedule of Employer Contributions - Wisconsin Retirement System Year Ended December 31, 2021

Town's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 69,036	\$ (69,036)	\$ -	\$ 917,335	7.53%
12/31/2016	66,397	(66,397)	-	902,432	7.36%
12/31/2017	70,893	(70,893)	-	907,525	7.81%
12/31/2018	75,349	(75,349)	-	900,683	8.37%
12/31/2019	86,628	(86,628)	-	1,041,535	8.32%
12/31/2020	88,731	(88,731)	-	1,032,658	8.59%
12/31/2021	94,644	(94,644)	-	1,098,599	8.61%

See notes to required supplementary information

**Town of Lisbon**

Schedule of Changes in the Total OPEB Liability and Related Ratios - Other Postemployment  
Benefits Obligation - Town Retiree Benefits Plan  
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 4,249	\$ 6,746	\$ 7,120	\$ 7,120
Interest	4,528	9,960	8,729	8,396
Difference between projected and actual	-	(85,931)	-	135,283
Changes of assumptions	4,579	(3,341)	(5,863)	-
Benefit payments	<u>(10,887)</u>	<u>(10,139)</u>	<u>(10,255)</u>	<u>(1,796)</u>
Net change in total OPEB liability	2,469	(82,705)	(269)	149,003
<b>Total OPEB Liability, Beginning</b>	<u>167,984</u>	<u>250,689</u>	<u>250,958</u>	<u>101,955</u>
<b>Total OPEB Liability, Ending</b>	<u><u>\$ 170,453</u></u>	<u><u>\$ 167,984</u></u>	<u><u>\$ 250,689</u></u>	<u><u>\$ 250,958</u></u>
Covered-employee payroll	\$ 143,426	\$ 143,426	\$ 287,430	\$ 287,430
Total OPEB liability as a percentage of covered-employee payroll	118.84%	117.12%	87.22%	87.31%

Note: This schedule is to show information for 10 years.  
However, until a full 10-year trend is compiled, governments should present information for those years  
for which information is available.

*See notes to required supplementary information*



**Town of Lisbon**

Schedule of Employer Contributions - Other Postemployment Benefits Obligation - Town Retiree Benefits Plan  
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 143,426	\$ 143,426	\$ 287,430	\$ 287,430
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

*See notes to required supplementary information*

## **Town of Lisbon**

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Notes to Required Supplementary Information  
December 31, 2021

### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budget amounts presented are as presented in the original budget and no amendments were adopted during the year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

### **Wisconsin Retirement System**

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms* - There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions* – No significant change in assumptions were noted from the prior year.

### **Town Other Post Employment Benefits**

The town is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms* - There were no changes of benefit terms for town.

*Changes in Assumptions* – The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

## **SUPPLEMENTARY INFORMATION**

# Town of Lisbon

## Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	ARPA Fund	Sewer Study Fund	
<b>Assets</b>								
Cash and investments	\$ 10,710	\$ 178,648	\$ 314,458	\$ 31,818	\$ -	\$ 556,156	\$ 104,938	\$ 1,196,728
Total assets	<u>\$ 10,710</u>	<u>\$ 178,648</u>	<u>\$ 314,458</u>	<u>\$ 31,818</u>	<u>\$ -</u>	<u>\$ 556,156</u>	<u>\$ 104,938</u>	<u>\$ 1,196,728</u>
<b>Liabilities and Fund Balances (Deficit)</b>								
<b>Liabilities</b>								
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 81	\$ -	\$ -	\$ 81
Unearned revenue	-	-	-	-	-	556,156	-	556,156
Due to other funds	-	-	-	-	7,347	-	-	7,347
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,428</u>	<u>556,156</u>	<u>-</u>	<u>563,584</u>
<b>Fund Balances (Deficit)</b>								
Restricted	10,710	178,648	314,458	31,818	-	-	104,938	640,572
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,428)</u>	<u>-</u>	<u>-</u>	<u>(7,428)</u>
Total fund balances (deficit)	<u>10,710</u>	<u>178,648</u>	<u>314,458</u>	<u>31,818</u>	<u>(7,428)</u>	<u>-</u>	<u>104,938</u>	<u>633,144</u>
Total liabilities and fund balances	<u>\$ 10,710</u>	<u>\$ 178,648</u>	<u>\$ 314,458</u>	<u>\$ 31,818</u>	<u>\$ -</u>	<u>\$ 556,156</u>	<u>\$ 104,938</u>	<u>\$ 1,196,728</u>

## Town of Lisbon

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended December 31, 2021

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	ARPA Fund	Sewer Study Fund	
<b>Revenues</b>								
Public charges for services	\$ -	\$ 96,299	\$ 69,920	\$ -	\$ -	\$ -	\$ -	\$ 166,219
Intergovernmental charges for services	-	-	-	-	39,859	-	-	39,859
Miscellaneous	-	2,064	-	-	-	-	-	2,064
Total revenues	-	98,363	69,920	-	39,859	-	-	208,142
<b>Expenditures</b>								
Current:								
Public works	-	-	-	-	78,797	-	-	78,797
Culture and recreation	-	2,308	-	-	-	-	-	2,308
Total expenditures	-	2,308	-	-	78,797	-	-	81,105
Net changes in fund balance	-	96,055	69,920	-	(38,938)	-	-	127,037
<b>Fund Balance, Beginning</b>	10,710	82,593	244,538	31,818	31,510	-	104,938	506,107
<b>Fund Balance (Deficit), Ending</b>	<u>\$ 10,710</u>	<u>\$ 178,648</u>	<u>\$ 314,458</u>	<u>\$ 31,818</u>	<u>\$ (7,428)</u>	<u>\$ -</u>	<u>\$ 104,938</u>	<u>\$ 633,144</u>

# **Town of Lisbon**

Financial Statements and Supplementary Information

December 31, 2020

# Town of Lisbon

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December 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Town Board  
Town of Lisbon  
Lisbon, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Lisbon'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 accounting principles generally accepted in the United States of America; this includes 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. 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 of Lisbon'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 of Lisbon'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.



To the Town Board  
Town of Lisbon

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
April 16, 2021

## **BASIC FINANCIAL STATEMENTS**

**Town of Lisbon**

## Statement of Net Position

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and investments	\$ 3,758,221	\$ 284,796	\$ 4,043,017
Taxes receivable	5,286,818	231,776	5,518,594
Delinquent personal property taxes receivable	5,649	-	5,649
Accounts receivable, net	574,269	-	574,269
Internal balances	4,054	(4,054)	-
Prepaid items	52,632	-	52,632
Land held for resale	1,709,545	-	1,709,545
Restricted Asset			
Net Pension Asset	241,348	-	241,348
Capacity entitlements, net	1,080,978	-	1,080,978
Capital assets:			
Land	558,240	-	558,240
Other capital assets	43,139,530	818,496	43,958,026
Less accumulated depreciation/amortization	(20,858,102)	(60,385)	(20,918,487)
Total assets	35,553,182	1,270,629	36,823,811
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	11,519	-	11,519
Pension related amounts	569,321	-	569,321
Total deferred outflows of resources	580,840	-	580,840
<b>Liabilities</b>			
Accounts payable and accrued liabilities	236,678	2,147	238,825
Deposits	323,409	200	323,609
Accrued interest payable	87,422	-	87,422
Noncurrent liabilities:			
Due within one year	1,624,358	-	1,624,358
Due in more than one year	7,770,052	-	7,770,052
Total liabilities	10,041,919	2,347	10,044,266
<b>Deferred Inflows of Resources</b>			
Pension related amounts	724,599	-	724,599
OPEB related amounts	89,272	-	89,272
Unearned revenues	5,313,776	231,776	5,545,552
Total deferred inflows of resources	6,127,647	231,776	6,359,423
<b>Net Position</b>			
Net investment in capital assets	14,562,576	758,111	15,320,687
Restricted:			
Library	10,710	-	10,710
Park	82,593	-	82,593
Building	244,538	-	244,538
Fire operations	31,819	-	31,819
Pension	241,348	-	241,348
Sewer study	104,937	-	104,937
Unrestricted	4,685,935	278,395	4,964,330
Total net position	\$ 19,964,456	\$ 1,036,506	\$ 21,000,962

See notes to financial statements

# Town of Lisbon

## Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
General government	\$ 1,276,269	\$ 217,300	\$ -	\$ -	\$ (1,058,969)	\$ -	\$ (1,058,969)
Public safety	2,508,777	1,312,566	58,518	-	(1,137,693)	-	(1,137,693)
Public works	3,652,056	109,542	383,486	5,277,303	2,118,275	-	2,118,275
Sanitation	826,528	866,747	-	-	40,219	-	40,219
Culture and recreation	148,976	33,311	-	-	(115,665)	-	(115,665)
Conservation and development	1,408,609	129,447	-	-	(1,279,162)	-	(1,279,162)
Interest and fiscal charges	199,757	-	-	-	(199,757)	-	(199,757)
Total governmental activities	10,020,972	2,668,913	442,004	5,277,303	(1,632,752)	-	(1,632,752)
<b>Business-Type Activities</b>							
Utility District No. 1 - Stormwater and Refuse	163,969	237,482	-	-	-	73,513	73,513
Total business-type activities	163,969	237,482	-	-	-	73,513	73,513
Total primary government	<u>\$ 10,184,941</u>	<u>\$ 2,906,395</u>	<u>\$ 442,004</u>	<u>\$ 5,277,303</u>	<u>(1,632,752)</u>	<u>73,513</u>	<u>(1,559,239)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					2,765,327	-	2,765,327
Property taxes, levied for debt service					1,488,180	-	1,488,180
Other taxes					106,668	-	106,668
Intergovernmental revenues not restricted to specific programs					390,847	-	390,847
Investment income					53,529	-	53,529
Gain on sale of capital assets					70,510	-	70,510
Miscellaneous					149,329	-	149,329
Total general revenues					5,024,390	-	5,024,390
Transfers					80,520	(80,520)	-
Change in net position					3,472,158	(7,007)	3,465,151
<b>Net Position, Beginning</b>					16,492,298	1,043,513	17,535,811
<b>Net Position, Ending</b>					<u>\$ 19,964,456</u>	<u>\$ 1,036,506</u>	<u>\$ 21,000,962</u>

See notes to financial statements

**Town of Lisbon**

Balance Sheet - Governmental Funds  
December 31, 2020

			Capital Projects			
	General	Debt Service Fund	Equipment Acquisition Fund	TID #1 Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 2,236,042	\$ 21,295	\$ 992,867	-	\$ 508,017	\$ 3,758,221
Taxes receivable	3,806,113	1,480,705	-	-	-	5,286,818
Delinquent personal property taxes receivable	5,649	-	-	-	-	5,649
Accounts receivable (net)	544,027	-	30,242	-	-	574,269
Due from other funds	1,923,165	-	-	-	-	1,923,165
Prepaid items	52,632	-	-	-	-	52,632
Total assets	8,567,628	1,502,000	1,023,109	-	508,017	11,600,754
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>						
Liabilities:						
Accounts payable	123,440	-	-	22,480	-	145,920
Accrued liabilities	90,517	-	-	169	72	90,758
Deposits	323,409	-	-	-	-	323,409
Due to other funds	-	-	-	1,917,273	1,838	1,919,111
Total liabilities	537,366	-	-	1,939,922	1,910	2,479,198
<b>Deferred Inflows Of Resources</b>						
Unearned revenue	3,833,071	1,480,705	-	-	-	5,313,776
<b>Fund Balances (deficits)</b>						
Nonspendable	58,281	-	-	-	-	58,281
Restricted	-	21,295	-	-	474,597	495,892
Committed	-	-	1,023,109	-	31,510	1,054,619
Assigned	194,000	-	-	-	-	194,000
Unassigned (deficits)	3,944,910	-	-	(1,939,922)	-	2,004,988
Total fund balances (deficits)	4,197,191	21,295	1,023,109	(1,939,922)	506,107	3,807,780
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,567,628	\$ 1,502,000	\$ 1,023,109	\$ -	\$ 508,017	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note 2.	22,839,668
Some receivables that are not currently available are reported as unavailable revenues in the fund statements but are recognized as revenues when earned in the government-wide statements.	
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	241,348
Land held for resale does not relate to current financial resources and is not reported in the governmental funds.	1,709,545
Capacity entitlements do not relate to current financial resources and are not reported in the governmental funds.	1,080,978
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	569,321
Deferred outflows of resources related to deferred charges for refundings do not relate to current financial resources and are not reported in the governmental funds.	11,519
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(724,599)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(89,272)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds - accrued interest.	(87,422)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.	(9,394,410)
Net position of governmental activities	\$ 19,964,456

See notes to financial statements

**Town of Lisbon**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2020

	General	Debt Service Fund	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Equipment Acquisition Fund	TID #1 Fund		
<b>Revenues</b>						
Taxes	\$ 2,871,995	\$ 1,488,180	\$ -	\$ -	\$ -	\$ 4,360,175
Intergovernmental revenues	818,900	-	-	-	-	818,900
Regulation and compliance	540,100	-	-	-	-	540,100
Public charges for services	1,985,010	16	-	-	103,528	2,088,554
Intergovernmental charges for services	18,999	-	63,485	-	34,015	116,499
Investment income	53,513	-	-	-	-	53,513
Miscellaneous	59,757	-	41,600	-	1,672	103,029
<b>Total Revenues</b>	<b>6,348,274</b>	<b>1,488,196</b>	<b>105,085</b>	<b>-</b>	<b>139,215</b>	<b>8,080,770</b>
<b>Expenditures</b>						
Current:						
General government	1,208,233	-	-	-	-	1,208,233
Public safety	2,376,757	-	-	-	-	2,376,757
Public works	863,066	-	-	-	40,709	903,775
Sanitation	826,528	-	-	-	-	826,528
Culture and recreation	150,034	-	-	-	874	150,908
Conservation and development	-	-	-	1,408,597	-	1,408,597
Capital Outlay	-	-	1,655,481	-	-	1,655,481
Debt Service:						
Principal	-	1,598,530	-	-	-	1,598,530
Interest	-	223,182	4,500	-	-	227,682
<b>Total Expenditures</b>	<b>5,424,618</b>	<b>1,821,712</b>	<b>1,659,981</b>	<b>1,408,597</b>	<b>41,583</b>	<b>10,356,491</b>
Excess (deficiency) of revenues over expenditures	923,656	(333,516)	(1,554,896)	(1,408,597)	97,632	(2,275,721)
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	70,508	-	47,500	-	-	118,008
Debt issued	-	-	250,000	-	-	250,000
Transfers in	-	333,532	637,248	-	-	970,780
Transfers out	(890,260)	-	-	-	-	(890,260)
<b>Total other financing sources (uses)</b>	<b>(819,752)</b>	<b>333,532</b>	<b>934,748</b>	<b>-</b>	<b>-</b>	<b>448,528</b>
<b>Net change in fund balances</b>	<b>103,904</b>	<b>16</b>	<b>(620,148)</b>	<b>(1,408,597)</b>	<b>97,632</b>	<b>(1,827,193)</b>
<b>Fund Balance (Deficit), Beginning</b>	<b>4,093,287</b>	<b>21,279</b>	<b>1,643,257</b>	<b>(531,325)</b>	<b>408,475</b>	<b>5,634,973</b>
<b>Fund Balance (Deficit), Ending</b>	<b>\$ 4,197,191</b>	<b>\$ 21,295</b>	<b>\$ 1,023,109</b>	<b>\$ (1,939,922)</b>	<b>\$ 506,107</b>	<b>\$ 3,807,780</b>

See notes to financial statements

## Town of Lisbon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,827,193)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,655,481
Some items reported as current expenditures were capitalized	(980,932)
Depreciation is recorded in the government-wide statements	(1,835,781)
Net book value of assets disposed of	(68,836)

Contributed capital assets are reported as revenues in the government-wide financial statements.	5,213,818
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Issued	(250,000)
Principal repaid	1,598,530

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued sick and vacation pay	69,707
Net pension liability/asset	498,366
Deferred outflows of resources related to pension and OPEB	(138,984)
Deferred inflows of resources related to pension and OPEB	(452,611)
Total other postemployment benefit liability	82,705
Amortization of deferred charge on refunding	(11,519)
Amortization of premium on long-term debt	30,723
Accrued interest on debt	8,723
Amortization of capacity entitlements	(120,039)

**Change in Net Position of Governmental Activities** \$ 3,472,158

## Town of Lisbon

### Statement of Net Position - Proprietary Fund

December 31, 2020

	<b>Business-Type Activities - Enterprise Fund Storm Water Fund</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 284,796
Taxes receivable	231,776
Total current assets	516,572
<b>NonCurrent Assets</b>	
Capital assets	
Property and equipment	818,496
Less accumulated depreciation/amortization	(60,385)
Total non-current assets	758,111
Total assets	1,274,683
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accrued liabilities	2,147
Deposits	200
Due to other funds	4,054
Total current liabilities	6,401
<b>Deferred Inflows of Resources</b>	
Subsequent year's tax levy	231,776
Total deferred inflows of resources	231,776
<b>Net Position</b>	
Investment in capital assets	758,111
Unrestricted	278,395
Total net position	\$ 1,036,506

See notes to financial statements



## Town of Lisbon

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
Year Ended December 31, 2020

	<b>Business-type Activities - Enterprise Fund Storm Water Fund</b>
<b>Operating Revenues</b>	
Charges for services	<u>\$ 237,482</u>
<b>Operating Expenses</b>	
Operation and maintenance	154,705
Depreciation	<u>9,264</u>
Total operating expenses	<u>163,969</u>
Operating income before transfers	<u>73,513</u>
<b>Transfers</b>	<u>(80,520)</u>
Change in net position	(7,007)
<b>Net Position, Beginning</b>	<u>1,043,513</u>
<b>Net Position, Ending</b>	<u><u>\$ 1,036,506</u></u>

See notes to financial statements

## Town of Lisbon

### Statement of Cash Flows - Proprietary Fund

Year Ended December 31, 2020

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Storm Water Fund</b>
<b>Cash Flows From Operating Activities</b>	
Received from customers	\$ 237,482
Paid to vendors for goods and services	(107,757)
Paid to employees for services	(47,733)
Net cash flows from operating activities	81,992
<b>Cash Flows From Noncapital Financing</b>	
Transfers	(80,520)
Net cash flows from noncapital financing activities	(80,520)
Net change in cash and cash equivalents	1,472
<b>Cash and Cash Equivalents, Beginning</b>	283,324
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 284,796</u>
<b>Reconciliation of Operating Income to Net Cash From Operating Activities:</b>	
Operating income	\$ 73,513
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	9,264
Changes in assets and liabilities:	
Taxes receivable	(192)
Accounts payable	(1,550)
Accrued liabilities	765
Deferred inflow of resources, subsequent year's tax levy	192
Net cash flows from operating activities	<u>\$ 81,992</u>
<b>Noncash Capital and Related Financing Activities</b>	
None	

See notes to financial statements

## Town of Lisbon

### Statement of Fiduciary Net Position - Fiduciary Fund

December 31, 2020

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 9,589,314
Taxes receivable	<u>4,906,419</u>
Total assets	<u>14,495,733</u>
<b>Liabilities</b>	
Accounts payable	44,550
Due to other taxing units	<u>14,451,183</u>
Total liabilities	<u>14,495,733</u>
Net Position	<u>\$ -</u>

See notes to financial statements

## Town of Lisbon

Statement of Change in Fiduciary Net Position - Fiduciary Fund  
Year Ended December 31, 2020

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
<b>Additions</b>	
Tax collections	<u>\$ 11,157,447</u>
<b>Deductions</b>	
Payments to overlying districts	<u>11,157,447</u>
Net change in net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Town of Lisbon

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# Town of Lisbon

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Notes to Financial Statements  
December 31, 2020

## 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Lisbon, Wisconsin (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

This report includes all of the funds of the Town. The reporting entity for the Town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Town has not identified any organizations that meet this criteria.

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### Fund Financial Statements

Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

## Town of Lisbon

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Notes to Financial Statements  
December 31, 2020

- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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**

General Fund accounts for the Town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

### **Debt Service Fund**

Debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

### **Capital Projects Funds**

Capital projects fund - Equipment Acquisition Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital projects fund - Tax Incremental District (TID) No. 1 is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

### **Enterprise Funds**

The Town reports the following major enterprise fund:

Storm Water Fund accounts for operations of the storm water system

The Town reports the following nonmajor governmental funds:

### **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library Fund  
Building Fund  
Compost Fund

Park Fund  
Fire Operations Fund

## **Capital Projects Funds**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

### **Sewer Study Fund**

In addition, the Town reports the following fund type:

## **Custodial Funds**

Custodial Funds are used to account for and report assets controlled by the Town and the assets are for the benefit of individuals, private organizations and/or other governmental units.

### **Tax Roll Fund**

## **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's storm water fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.



## **Town of Lisbon**

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Notes to Financial Statements  
December 31, 2020

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

### **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 storm water fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

#### **Deposits and Investments**

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Town funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

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- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Town has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Credit risk

Custodial credit risk

Interest rate risk

Concentration of credit risk

Investments highly sensitive to interest rate changes

Foreign currency risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4. for further information.

### Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

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Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the storm water fund because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

**Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

**Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

**Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on their use either 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.
- c. *Unrestricted net position* - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

### Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either 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.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

## **Town of Lisbon**

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Notes to Financial Statements  
December 31, 2020

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The town has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20% of the ensuing year's budgeted general fund expenditures with a target of 30%. The balance at year end was \$1,108,345, and is included in unassigned general fund fund balance.

See Note 4. for further information.

### **Pension**

For purposes of measuring the net pension asset (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.

### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Town OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

### **Basis for Existing Rates**

#### **Storm Water Fund**

Current storm water rates are approved by the Town Board annually and placed on tax bills.

### **Land Held for Resale**

The Town purchased land held for resale. In the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

## **2. Reconciliation of Government-Wide and Fund Financial Statements**

### **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance, total governmental funds and net position, governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

## Town of Lisbon

### Notes to Financial Statements

December 31, 2020

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	558,240
Buildings and improvements		3,109,754
Equipment and furnishings		6,031,975
Infrastructure		33,951,791
Intangible - software		46,010
Less accumulated depreciation		<u>(20,858,102)</u>
Combined adjustment for capital assets	\$	<u>22,839,668</u>

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	8,104,271
Accumulated sick and vacation pay		125,092
Village of Sussex contract payable		812,723
Unamortized debt premium		184,340
Other post employment benefits		<u>167,984</u>
Combined adjustment for long-term liabilities	\$	<u>9,394,410</u>

### 3. Stewardship, Compliance and Accountability

#### Budgetary Information

A budget has been adopted for the General Fund, Debt Service Fund, Special Revenue Fund - Compost and the Capital Project Fund - Equipment Acquisition Fund. A budget has not been formally adopted for Special revenue funds - Park Fund, Building Fund, Fire Operations Fund and Library Fund and Capital projects funds - Sewer study Fund and TID #1 Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - TID #1 Fund	\$ 1,939,922	Expenditures exceeding revenue sources

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Fund deficits are anticipated to be funded with future tax increment or long-term borrowing.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

### Limitations on the Town's Tax Levy

Wisconsin law limits the Town's future tax levies. Generally the Town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## 4. Detailed Notes on All Funds

### Deposits and Investments

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The Town's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 12,965,315	\$ 12,475,214	Custodial credit
LGIP	666,816	666,816	Credit
Petty cash	<u>200</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 13,632,331</u>	<u>\$ 13,142,030</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,043,017		
Per statement of fiduciary net position			
Tax Roll Fund	<u>9,589,314</u>		
Total deposits and investments	<u>\$ 13,632,331</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Town maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$13,302,192 to secure the Town's deposits.



## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

### Custodial Credit Risk

#### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to the Town.

The Town does not have any deposits exposed to custodial credit risk.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Town had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1. for further information on deposit and investment policies.

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 5,313,776
Total unearned/unavailable revenue for governmental funds	<u>\$ 5,313,776</u>

### Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total capital assets not being depreciated	<u>558,240</u>	<u>-</u>	<u>-</u>	<u>558,240</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	3,043,581	66,173	-	3,109,754
Equipment and furnishings	5,556,272	608,376	132,673	6,031,975
Infrastructure	28,737,973	5,213,818	-	33,951,791
Intangibles - software	46,010	-	-	46,010
Total capital assets being depreciated / amortized	<u>37,383,836</u>	<u>5,888,367</u>	<u>132,673</u>	<u>43,139,530</u>
Total capital assets	<u>37,942,076</u>	<u>5,888,367</u>	<u>132,673</u>	<u>43,697,770</u>

# Town of Lisbon

Notes to Financial Statements  
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities (cont.)</b>				
Less accumulated depreciation / amortization for:				
Buildings and improvements	(1,077,147)	(22,089)	-	(1,099,236)
Equipment and furnishings	(2,779,378)	(331,082)	63,837	(3,046,623)
Infrastructure	(15,226,182)	(1,479,926)	-	(16,706,108)
Intangibles - software	(3,451)	(2,684)	-	(6,135)
Total accumulated depreciation / amortization	<u>(19,086,158)</u>	<u>(1,835,781)</u>	<u>63,837</u>	<u>(20,858,102)</u>
Net capital assets being depreciated / amortized	<u>18,297,678</u>	<u>4,052,586</u>	<u>68,836</u>	<u>22,281,428</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 18,855,918</u>	<u>\$ 4,052,586</u>	<u>\$ 68,836</u>	<u>\$ 22,839,668</u>

Depreciation/amortization expense was charged to functions as follows:

## Governmental Activities

General government	62,176
Public safety	\$ 153,127
Public works	1,600,404
Culture and recreation	<u>20,074</u>

Total governmental activities depreciation / amortization expense \$ 1,835,781

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciation:				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total capital assets not being depreciated	<u>530,141</u>	<u>-</u>	<u>-</u>	<u>530,141</u>
Capital assets being depreciated / amortized:				
Storm water infrastructure	280,686	-	-	280,686
Intangible - software	7,669	-	-	7,669
Total capital assets being depreciated / amortized	<u>288,355</u>	<u>-</u>	<u>-</u>	<u>288,355</u>
Total capital assets	<u>818,496</u>	<u>-</u>	<u>-</u>	<u>818,496</u>
Less accumulated depreciation / amortization for:				
Storm water infrastructure	(50,546)	(8,881)	-	(59,427)
Intangible - software	(575)	(383)	-	(958)
Total accumulated depreciation / amortization	<u>(51,121)</u>	<u>(9,264)</u>	<u>-</u>	<u>(60,385)</u>
Net capital assets being depreciated / amortized	<u>237,234</u>	<u>(9,264)</u>	<u>-</u>	<u>227,970</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 767,375</u>	<u>\$ (9,264)</u>	<u>\$ -</u>	<u>\$ 758,111</u>

## Town of Lisbon

### Notes to Financial Statements

December 31, 2020

#### Interfund Receivables/Payables and Transfers

##### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Storm Water Fund	\$ 4,054
General Fund	Special revenue fund - compost fund	1,838
General Fund	Capital projects fund - TID #1 fund	<u>1,917,273</u>
Total - Fund Financial Statements		1,923,165
Less government-wide eliminations		<u>(1,919,111)</u>
Total internal balances, government-wide statement of net position		<u>\$ 4,054</u>

All amounts are due within one year.

The principal purpose of these interfunds is to fund cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

##### Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 333,532	To cover debt service costs.
Capital Projects Fund - Equipment Acquisition fund	General Fund	556,728	Sinking fund budget for capital costs.
Capital Projects Fund - Equipment Acquisition fund	Stormwater	<u>80,520</u>	To cover capital costs.
Total - Fund Financial Statements		970,780	
Less fund eliminations		<u>(890,260)</u>	
Total transfers, government-wide statement of activities		<u>\$ 80,520</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# Town of Lisbon

## Notes to Financial Statements

December 31, 2020

### Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 9,347,943	\$ 250,000	\$ 1,493,672	\$ 8,104,271	\$ 1,516,829
Village of Sussex Contracts Payable	917,581	-	104,858	812,723	107,529
(DiscOUNTS)/Premiums:	215,063	-	30,723	184,340	-
Subtotal	<u>10,480,587</u>	<u>250,000</u>	<u>1,629,253</u>	<u>9,101,334</u>	<u>1,624,358</u>
Other liabilities:					
Accumulated sick and vacation pay	194,799	38,462	108,169	125,092	-
Other postemployment benefits liability	250,689	-	82,705	167,984	-
Net pension liability	257,018	-	257,018	-	-
Total other liabilities	<u>702,506</u>	<u>38,462</u>	<u>447,892</u>	<u>293,076</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 11,183,093</u>	<u>\$ 288,462</u>	<u>\$ 2,077,145</u>	<u>\$ 9,394,410</u>	<u>\$ 1,624,358</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed 5 percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2020, was \$70,104,450. Total general obligation debt outstanding at year end was \$8,104,271.

### General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Town. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
<b>General Obligation Debt</b>					
General obligation debt	08/01/11	08/01/21	3.15%	\$ 650,000	\$ 65,000
General obligation debt	08/15/12	08/15/22	2.00%	594,250	118,850
General obligation debt	08/01/13	08/01/23	2.00%	567,000	170,100
General obligation debt	03/01/14	03/01/24	2.90%	539,250	215,700
General obligation debt	12/11/14	03/15/21	.5- 1.9%	2,115,000	290,000
General obligation debt	01/01/15	02/15/22	0.00%	23,304	5,770
General obligation debt	07/07/16	03/01/26	2.00%	8,060,000	5,560,000
General obligation debt	07/26/16	03/15/36	3.50%	1,700,000	1,428,851
General obligation debt	2/28/2020	1/15/2027	2.00%	250,000	250,000
Total governmental activities, general obligation debt					<u>\$ 8,104,271</u>

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities General Obligation Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,516,829	\$ 175,030
2022	1,179,214	143,467
2023	1,134,345	118,225
2024	1,100,083	93,858
2025	1,068,916	70,696
2026-2030	1,475,368	167,997
2031-2035	515,418	75,389
2036-2040	<u>114,098</u>	<u>4,006</u>
Total	<u>\$ 8,104,271</u>	<u>\$ 848,668</u>

### Village of Sussex contracts payable

Village of Sussex contracts payable at December 31, 2020 consist of the following:

#### Governmental Activities

<u>Village of Sussex contracts payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	<u>\$ 812,723</u>
Total governmental activities village of sussex contracts payable					<u>\$ 812,723</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities Village of Sussex contracts payable</b>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 107,529	\$ 19,331
2022	110,267	16,557
2023	113,076	13,713
2024	115,957	10,796
2025	118,910	7,805
2026-2030	<u>246,984</u>	<u>6,330</u>
Total	<u>\$ 812,723</u>	<u>\$ 74,532</u>

### Other Debt Information

Estimated payments of accumulated sick and vacation pay and the other post employment benefits liability are not included in the debt service requirement schedules. The accumulated sick and vacation pay, and the other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

## Town of Lisbon

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Notes to Financial Statements  
December 31, 2020

### Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

#### Governmental Activities

Net investment in capital assets:

Land	\$ 558,240
Other capital assets, net of accumulated depreciation/amortization	22,281,428
Less: long-term debt outstanding	(8,104,271)
Plus: unamortized charge on refunding	11,519
Less: unamortized debt premium	<u>(184,340)</u>
Total net investment in capital assets	<u><u>\$ 14,562,576</u></u>

# Town of Lisbon

Notes to Financial Statements  
December 31, 2020

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	General Fund	Debt Service Fund	Capital Projects Acquisition Fund	TID Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories	\$ 52,632	\$ -	\$ -	\$ -	\$ -	\$ 52,632
Delinquent personal property taxes	5,649	-	-	-	-	5,649
Subtotal	58,281	-	-	-	-	58,281
<b>Restricted for:</b>						
Debt service	-	21,295	-	-	-	21,295
Library	-	-	-	-	10,710	10,710
Park	-	-	-	-	82,593	82,593
Building	-	-	-	-	244,538	244,538
Fire operations	-	-	-	-	31,819	31,819
Sewer study	-	-	-	-	104,937	104,937
Subtotal	-	21,295	-	-	474,597	495,892
<b>Committed to:</b>						
Equipment acquisition	-	-	1,023,109	-	-	1,023,109
Compost	-	-	-	-	31,510	31,510
Subtotal	-	-	1,023,109	-	31,510	1,054,619
<b>Assigned to:</b>						
Other postemployment benefits	170,000	-	-	-	-	170,000
Impact fee study	8,000	-	-	-	-	8,000
Litigation	16,000	-	-	-	-	16,000
Subtotal	194,000	-	-	-	-	194,000
<b>Unassigned (deficit):</b>	3,944,910	-	-	(1,939,922)	-	2,004,988
Total fund balances (deficit)	<u>\$ 4,197,191</u>	<u>\$ 21,295</u>	<u>\$ 1,023,109</u>	<u>\$(1,939,922)</u>	<u>\$ 506,107</u>	<u>\$ 3,807,780</u>

### 5. Other Information

#### Employees' Retirement System

##### 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 1,200 hours a year (880 hours 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, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

##### Vesting

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.

##### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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.



**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:

<b>Year</b>	<b>Core Fund Adjustment</b>	<b>Variable Fund Adjustment</b>
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	17.0
2019	0.0	(10.0)

## Town of Lisbon

### Notes to Financial Statements

December 31, 2020

#### 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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 reporting period, the WRS recognized \$81,281 in contributions from the Town.

Contribution rates for the plan year reported as of December 31, 2020 are:

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

#### Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported an asset of \$241,348 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability 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 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 0.00748494 percent, which was an increase of 0.00026063 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of \$94,982.

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	\$ 458,134	\$ 229,265
Changes in assumptions	18,807	-
Net differences between projected and actual earnings on pension plan investments	-	493,403
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,649	1,931
Employer contributions subsequent to the measurement date	<u>88,731</u>	<u>-</u>
Total	<u>\$ 569,321</u>	<u>\$ 724,599</u>

## Town of Lisbon

### Notes to Financial Statements

December 31, 2020

\$88,731 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</b>
2021	\$ (72,901)
2022	(54,165)
2023	9,574
2024	(126,517)

#### 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 Normal
Asset Valuation Method:	Fair 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 percent 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. 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.

### 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:

<b>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<b>Variable Fund Asset Class</b>			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (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 over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

### Sensitivity of the Town's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension (asset) liability 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 (asset) liability	<u>\$ 621,515</u>	<u>\$ (241,348)</u>	<u>\$ (886,439)</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the Town reported a payable to the pension plan of \$12,632 which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

### Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Town attorney 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 Postemployment Benefits

The Town administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the Town.

**General Information about the OPEB Plan****Plan Description**

The Town's defined benefit OPEB plan, provides OPEB for all permanent full-time employees hired prior to January 1, 2000 upon retirement and that are eligible for WRS. The OPEB plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The town provides healthcare insurance benefits for retirees. The benefit terms provide for payment of 75 percent of health insurance premiums for retirees.

**Employees Covered by Benefit Terms**

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	17
	<u>19</u>

The Town's total OPEB liability of \$167,984 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Range from 3.5% in service year 1 to .1% in service year 40.
Healthcare cost trend rates	Actual, then 6.4% decreasing by 0.10% per year down to 5.0%, and level thereafter.

The discount rate was based on the municipal bond rate of 2.75% discounted by years of projected payments.

Mortality rates were based on the Wisconsin 2018 mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balances at December 31, 2019	<u>\$ 250,689</u>
Changes for the year:	
Service cost	6,746
Interest	9,960
Differences between expected and actual experience	(85,931)
Changes in assumptions or other inputs	(3,341)
Benefit payments	<u>(10,139)</u>
Net changes	<u>(82,705)</u>
Balances at December 31, 2020	<u><u>\$ 167,984</u></u>

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	<b>1% Decrease (1.75%)</b>	<b>Discount Rate (2.75%)</b>	<b>1% Increase (3.75%)</b>
Total OPEB liability	<u>\$ 177,718</u>	<u>\$ 167,984</u>	<u>\$ 158,541</u>

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ( 5.4 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.4 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (5.4% Decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates ((1.3)% Decreasing to 5.0%)</b>	<b>1% Increase (7.4% Decreasing to 6.0%)</b>
Total OPEB liability	<u>\$ 154,892</u>	<u>\$ 167,984</u>	<u>\$ 182,565</u>

## Town of Lisbon

Notes to Financial Statements  
December 31, 2020

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### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the Town recognized OPEB expense of \$7,078. At December 31, 2020, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 85,931
Changes of assumptions or other inputs	<u>3,341</u>
Total	<u><u>\$ 89,272</u></u>

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

#### **Year Ended December 31:**

2021	\$ (29,757)
2022	(29,757)
2023	(29,758)

### **Subsequent Events**

On March 17, 2021, the Town borrowed \$3.36 million in taxable general obligation promissory notes. Borrowing was done for water, sewer and street improvements in Tax Incremental District #1. The notes bear interest at .3% to 1.55%. The notes are due and payable annually from 2022 through 2031.

The Town executed a construction agreement with Wondra Construction on January 6, 2021 in the amount of \$1,478,965. This contract is for work related to the Tax Incremental District #1 street extension.

### **Effect of New Accounting Standards on Current-Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.



### **Capacity Entitlements**

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the town. The town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the town were \$764,716. In 2009 and 2019, upgrades and expansion to the wastewater facility were completed. The costs allocated to the town for this project were \$1,912,595 and \$220,160, respectively. The capacity entitlements asset represents the capacity rights the town as purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2020, accumulated amortization was \$1,816,493.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## Town of Lisbon

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 2,868,148	\$ 2,871,995	\$ 3,847
Intergovernmental revenues	627,151	818,900	191,749
Regulation and compliance	555,430	540,100	(15,330)
Public charges for services	1,317,608	1,985,010	667,402
Intergovernmental charges for services	55,000	18,999	(36,001)
Investment income	82,866	53,513	(29,353)
Miscellaneous	-	59,757	59,757
Total revenues	5,506,203	6,348,274	842,071
<b>Expenditures</b>			
Current			
General government	922,523	1,208,233	(285,710)
Public safety	1,992,214	2,376,757	(384,543)
Public works	1,012,332	863,066	149,266
Sanitation	859,520	826,528	32,992
Culture and recreation	186,044	150,034	36,010
Total expenditures	4,972,633	5,424,618	(451,985)
Excess of revenues over (under) expenditures	533,570	923,656	390,086
<b>Other Financing Sources (uses)</b>			
Proceeds from sale of capital assets	-	70,508	70,508
Transfer out	(533,570)	(890,260)	(356,690)
Total other financing sources (uses)	(533,570)	(819,752)	(286,182)
Net change in fund balance	\$ -	103,904	\$ 103,904
<b>Fund Balance, Beginning</b>		4,093,287	
<b>Fund Balance, Ending</b>		\$ 4,197,191	

See notes to required supplementary information

## Town of Lisbon

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2020

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/2015	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/2016	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/2017	0.007018000%	(208,370)	907,525	23.14%	102.93%
12/31/2018	0.007224310%	257,018	900,683	26.35%	96.45%
12/31/2019	0.007484940%	(241,348)	1,041,535	23.34%	102.96%

## Town of Lisbon

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2020

Town's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 69,036	\$ (69,036)	-	\$ 917,335	7.53%
12/31/2016	66,397	(66,397)	-	902,432	7.36%
12/31/2017	70,893	(70,893)	-	907,525	7.81%
12/31/2018	75,349	(75,349)	-	900,683	8.37%
12/31/2019	86,628	(86,628)	-	1,041,535	8.32%
12/31/2020	88,731	(88,731)	-	1,370,248	6.48%

See notes to required supplementary information

**Town of Lisbon****Schedule of Changes in the Total OPEB Liability and Related Ratios - Other Postemployment****Benefits Obligation - Town Retiree Benefits Plan**

Year Ended December 31, 2020

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 6,746	\$ 7,120	\$ 7,120
Interest	9,960	8,729	8,396
Difference between projected and actual	(85,931)	-	135,283
Changes of assumptions	(3,341)	(5,863)	-
Benefit payments	(10,139)	(10,255)	(1,796)
Net Change in Total OPEB Liability	(82,705)	(269)	149,003
<b>Total OPEB Liability, Beginning</b>	<b>250,689</b>	<b>250,958</b>	<b>101,955</b>
<b>Total OPEB Liability, Ending</b>	<b>\$ 167,984</b>	<b>\$ 250,689</b>	<b>\$ 250,958</b>
Covered-employee payroll	\$ 143,426	\$ 287,430	\$ 287,430
Total OPEB liability as a percentage of covered-employee payroll	117.12%	87.22%	87.31%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Town of Lisbon**

Schedule of Employer Contributions - Other Postemployment Benefits Obligation - Town Retiree Benefits Plan  
Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 143,426	\$ 287,430	\$ 287,430
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

## **Town of Lisbon**

Notes to Required Supplementary Information  
December 31, 2020

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### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

The budget amounts presented are as presented in the original budget and no amendments were adopted during the year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

### **Wisconsin Retirement System**

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms* - There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions* – No significant change in assumptions were noted from the prior year.

### **Town Other Post Employment Benefits**

The town is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms* - There were no changes of benefit terms for town.

*Changes in Assumptions* – The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

## **SUPPLEMENTARY INFORMATION**



**Town of Lisbon**

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	Sewer Study Fund	
<b>Assets</b>							
Cash and investments	\$ 10,710	\$ 82,593	\$ 244,538	\$ 31,819	\$ 33,420	\$ 104,937	\$ 508,017
Total assets	<u>\$ 10,710</u>	<u>\$ 82,593</u>	<u>\$ 244,538</u>	<u>\$ 31,819</u>	<u>\$ 33,420</u>	<u>\$ 104,937</u>	<u>\$ 508,017</u>
<b>Liabilities and Fund Balances (Deficits)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	72	-	72
Due to other funds	-	-	-	-	1,838	-	1,838
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,910</u>	<u>-</u>	<u>1,910</u>
<b>Fund Balances</b>							
Restricted	10,710	82,593	244,538	31,819	-	104,937	474,597
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,510</u>	<u>-</u>	<u>31,510</u>
Total fund balances	<u>10,710</u>	<u>82,593</u>	<u>244,538</u>	<u>31,819</u>	<u>31,510</u>	<u>104,937</u>	<u>506,107</u>
Total liabilities and fund balances	<u>\$ 10,710</u>	<u>\$ 82,593</u>	<u>\$ 244,538</u>	<u>\$ 31,819</u>	<u>\$ 33,420</u>	<u>\$ 104,937</u>	<u>\$ 508,017</u>

**Town of Lisbon**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Special Revenue Funds					Capital Projects Funds	Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	Sewer Study Fund	
<b>Revenues</b>							
Public charges for services	\$ -	\$ 28,956	\$ 74,572	\$ -	\$ -	\$ -	\$ 103,528
Intergovernmental charges for services	-	-	-	-	34,015	-	34,015
Investment income	-	-	-	-	-	-	-
Miscellaneous	-	1,672	-	-	-	-	1,672
Total revenues	-	30,628	74,572	-	34,015	-	139,215
<b>Expenditures</b>							
Current							
Public works	-	-	-	-	40,709	-	40,709
Culture and recreation	-	874	-	-	-	-	874
Conservation and development	-	-	-	-	-	-	-
Total expenditures	-	874	-	-	40,709	-	41,583
Excess (deficiency) of revenues over expenditures	-	29,754	74,572	-	(6,694)	-	97,632
Net changes in fund balance	-	29,754	74,572	-	(6,694)	-	97,632
<b>Fund Balance, Beginning</b>	10,710	52,839	169,966	31,819	38,204	104,937	408,475
<b>Fund Balance, Ending</b>	<u>\$ 10,710</u>	<u>\$ 82,593</u>	<u>\$ 244,538</u>	<u>\$ 31,819</u>	<u>\$ 31,510</u>	<u>\$ 104,937</u>	<u>\$ 506,107</u>



# 2019 Financial Highlights Presented to the Town Board of the Town of Lisbon

Presented by:  
Wendi Unger, Partner



## Audit Results

- **Audit Objective**

- The objective of our audit was to express our opinion on the financial statements of the Town of Lisbon as of December 31, 2019.

- **Our Opinion**

- An unmodified audit opinion has been issued on the financial statements for the fiscal year ending December 31, 2019.
- The financial statements are fairly presented in accordance with generally accepted accounting principles.
- Accounting principles have changed with prior years.
- All appropriate disclosures have been properly reflected in the financial statements.



## Summary Financial Information

### Results of Operations

	Major			Nonmajor
	General Fund	Debt Service Fund	Capital Project Fund	Governmental Funds
Revenues and other sources	\$ 7,062,939	\$ 1,848,180	\$ 565,236	\$ 189,689
Expenditures and other uses	<u>5,907,660</u>	<u>1,848,180</u>	<u>152,761</u>	<u>585,602</u>
Excess (deficiency)	1,155,279	-	412,475	(395,913)
Fund balance				
Beginning of year	<u>2,938,008</u>	<u>21,279</u>	<u>1,230,782</u>	<u>273,063</u>
End of year	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>
Fund Balance consist of:				
Nonspendable	\$ 89,643	\$ -	\$ -	\$ -
Restricted	-	21,279	-	370,271
Committed	-	-	1,643,257	38,204
Assigned	275,000	-	-	-
Unassigned	<u>3,728,644</u>	<u>-</u>	<u>-</u>	<u>(531,325)</u>
Total	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>



## Summary Financial Information

### Results of Operations

	Storm Water Fund
Operating revenues	\$ 232,187
Operating expenses	<u>165,428</u>
Operating income	66,759
Capital Contributions	<u>-</u>
Change in net position	66,759
Net position	
Beginning of year	<u>976,754</u>
End of year	<u>\$ 1,043,513</u>



## Required Communication

- **Communication to Those Charged with Governance and Management**
  - Material weaknesses identified
  - Other comments and recommendations
  - Two Way Communication Regarding your audit
  - Required Communication to Those charged with governance

## Conclusion and Questions

It is a pleasure to serve you. While we work with the Town's management and staff in reviewing the financial data and preparing the financial statements, our contract is with the Board and our responsibility is to report to the Board. Accordingly, if any Board member has any questions or comments concerning our audit, the financial statements, any of the reports presented, or any thing else covered, please contact me at 414.777.5423 or [wendi.unger@bakertilly.com](mailto:wendi.unger@bakertilly.com).

# Reporting and insights from 2019 audit:

Town of Lisbon

December 31, 2019





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# Executive summary

We have completed our audit of the financial statements of the Town of Lisbon (the Town's) for the year ended December 31, 2019, and have issued our report thereon. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Town's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Town of Lisbon should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, Partner: [Wendi.Unger@bakertilly.com](mailto:Wendi.Unger@bakertilly.com) or +1 (414) 777 5423

Sincerely,

Baker Tilly Virchow Krause, LLP

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

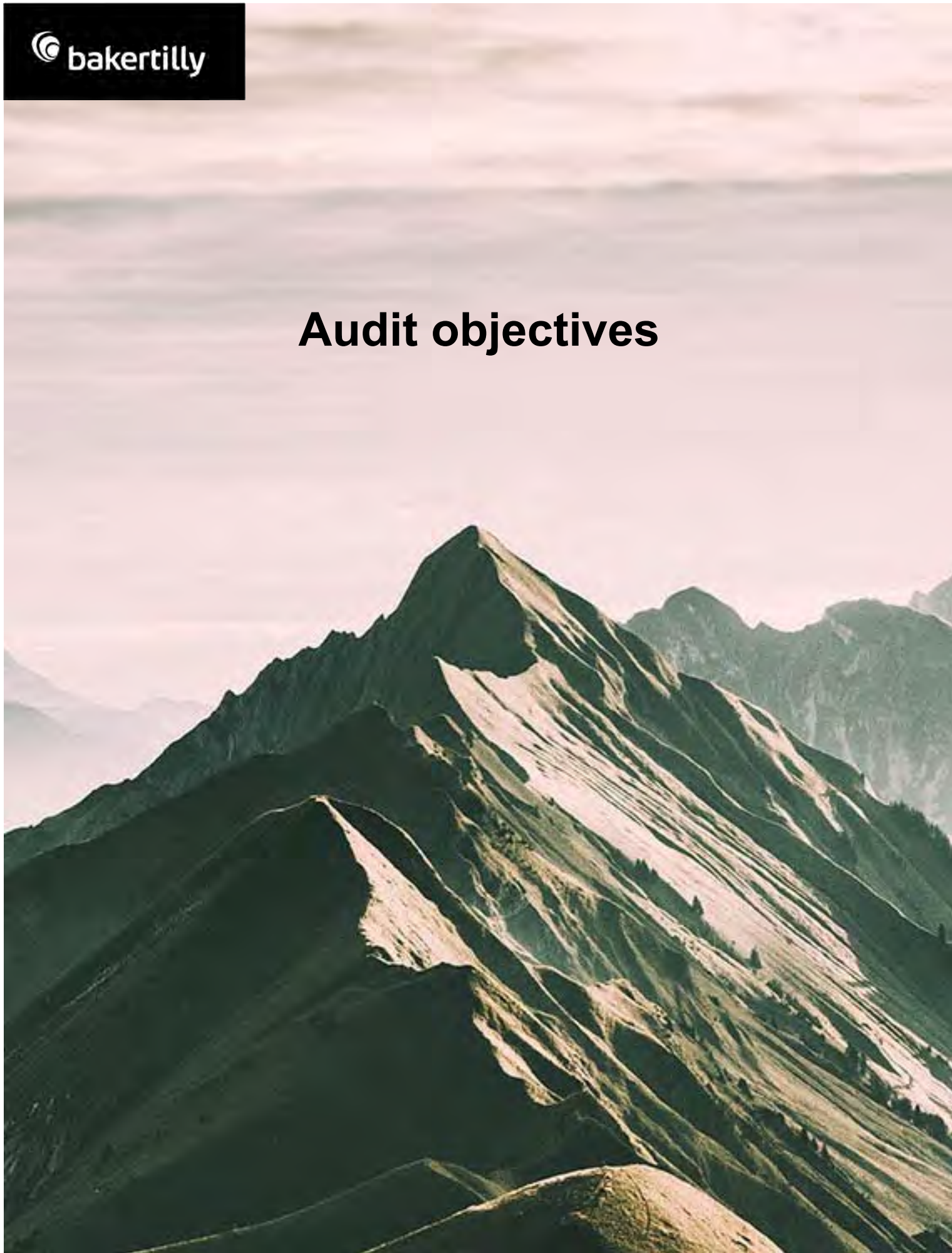
Wendi M. Unger, Partner, CPA

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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

# Audit objectives



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# Audit objectives

## Our responsibilities




As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Town's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
  - Are free from material misstatement
  - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the Town's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

## Management's responsibilities

Management		Auditor
	Prepare and fairly present the financial statements	Our audit does not relieve management or those charged with governance of their responsibilities
	Establish and maintain effective internal control over financial reporting	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
	Provide us with written representations at the conclusion of the audit	See Appendix B for a copy of management's representations



# Audit status



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# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.



## **Audit approach and results**





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# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the Town and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Areas of complexity including Capital assets, Debt and Deferred Special Assessments

Our areas of audit focus were formed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Town's current year results.

### Implementation of GASB No. 84 reporting fiduciary activities

During the current year, your government implemented GASB Statement No. 84 – *Fiduciary Activities*. This standard was issued to provide a clear foundation and reduce inconsistencies in reporting of fiduciary activities. Implementation of this standard required the evaluation of various activities and application of specific criteria to determine the fiduciary activities that required reporting. As a result of this standard you will note the following changes in your financial statements from prior years:

- Reclassification of Tax collection activities as custodial funds
- Change in the activity that is reported through the tax collection custodial fund
- Presentation of additions and deductions on the statement of changes in fiduciary net position for all fiduciary funds, including custodial funds

# Key areas of focus and significant findings

## Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

## Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

## Internal control matters

We considered the Town's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements. We are not expressing an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- **Inadequate Segregation of Duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing Key Controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

### **Controls Over Accounts Payable/Disbursements**

- There is no process to review, record, and approve retainages at year-end.

### **Controls Over Payroll**

- Persons preparing the payroll are not independent of other personal duties or restricted from access to the payroll account (segregation of duties)

### **Controls Over Property Taxes**

- Bank reconciliations for the tax account should be performed by someone independent of the tax collection process.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

#### **– Financial Statement Close Process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

## **Other comments and recommendations**

#### ***Credit Card Procedures***

- During our testing of credit card procedures and the related compliance with the Town's policy it was noted that there were two instances where a copy of the original receipt for purchase was not attached to the credit card statement. We would recommend that management revisit the policies and procedures that are and should be in place and ensure that the Town policy is complied with.

# Required communications

## Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town are described in Note I to the financial statements, the Town changed accounting policies related to financial reporting for fiduciary activities and certain debt disclosures by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 84, *Fiduciary Activities* and Statement of Governmental Accounting Standards (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, respectively, effective January 1, 2019. We noted no transactions entered into by the Town during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

## **Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the Town or that otherwise appear to be unusual due to their timing, size or nature.

## **Other information in documents containing audited financial statements**

### *Official Statements (or Other Equivalent Document)*

The Town's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Town can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

## **Difficulties encountered during the audit**

We encountered no difficulties in dealing with management and completing our audit.

## **Disagreements with management**

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

## **Written communications between management and Baker Tilly**

The Appendix includes copies of other material written communications, which includes a copy of the management representation letter.

## **Corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the Organization's financial statements. The table below summarizes the material corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has corrected all such misstatements.

The following is a summary of material financial statement misstatements (audit adjustments):

Description	Amount
To properly record transfers between funds	\$ 92,644

### **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

### **Fraud**

We did not identify any known or suspected fraud during our audit.

### **Going concern**

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Town's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

### **Independence**

We are not aware of any relationships between Baker Tilly and the Town that, in our professional judgment, may reasonably be thought to bear on our independence.

### **Related parties**

We did not have any significant findings or issues arise during the audit in connection with the Town's related parties.

### **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other matters**

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



## Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- Civic Systems Software

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

# Accounting changes relevant to the Town of Lisbon





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# Accounting changes relevant to the Town of Lisbon

## Future accounting standards updates

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/20
89	Accounting for Interest Incurred before the End of a Construction Period	✓	12/31/20
91	Conduit Debt	✓	12/31/21

Further information on upcoming [GASB pronouncements](#)

## Preparing for the new lease standard

GASB's new single model for lease accounting will be effective for the upcoming year. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the Town review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the Town should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

# **Trending challenges for organizations**

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# Trending challenges for organizations

Management and the governing body of the Town must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long term goals. Economic uncertainty, coupled with key risk areas and fast paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

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## Cybersecurity

### Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

[Learn more](#) about cybersecurity risk management.

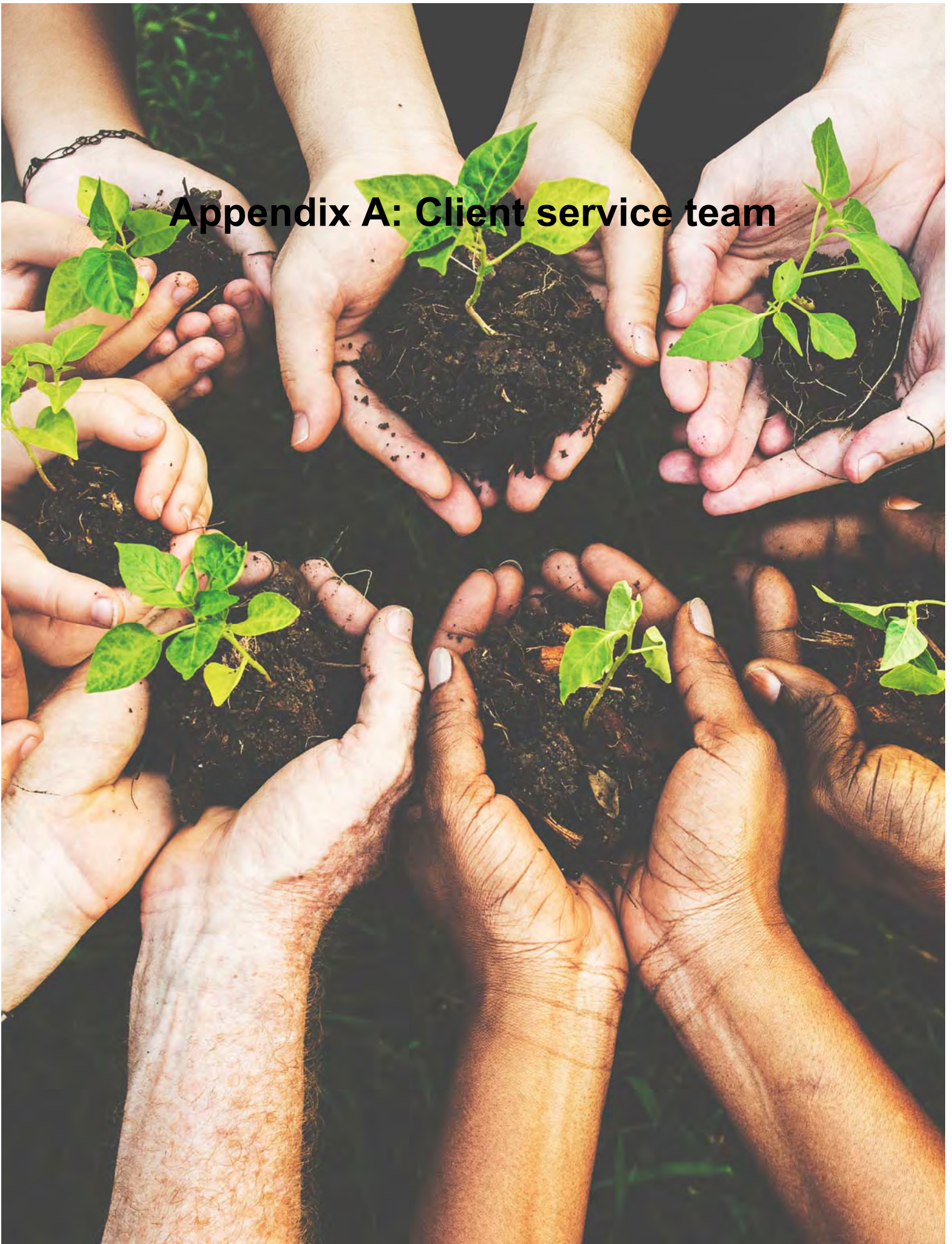


[WATCH: On demand webinar about board governance over cybersecurity.](#)

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## Appendix A: Client service team



# Client service team

**Wendi Unger, CPA**


**Partner**

777 E Wisconsin Ave  
Milwaukee, WI 53202  
United States

**T +1 (414) 777 5423**

[wendi.unger@bakertilly.com](mailto:wendi.unger@bakertilly.com)



A photograph of two men in an office setting. The man on the right, with a beard and wearing a light blue button-down shirt, is smiling and shaking hands with the man on the left. The man on the left is seen from the back, wearing a white shirt and glasses. They are standing behind a wooden desk. On the desk, there is a laptop, a tablet, a white mug, a small potted plant, and some papers. A large window is in the background, letting in bright light.

## **Appendix B: Management representation letter**





**TOWN OF LISBON**  
W234 N8676 Woodside Rd.  
Lisbon, WI 53089

April 16, 2019

Baker Tilly Virchow Krause, LLP  
777 E. Wisconsin Avenue, 32nd Floor  
Milwaukee, Wisconsin 53202

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the audit of the financial statements of the Town of Lisbon as of December 31, 2018 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Office: (262) 246-6100 - E-Mail: [townhall@townoflisbonwi.com](mailto:townhall@townoflisbonwi.com) – [www.townoflisbonwi.com](http://www.townoflisbonwi.com)

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
10. Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

*Information Provided*

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Town Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
15. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. There are no known related parties or related party relationships and transactions of which we are aware.

*Other*

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
22. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. There are no:
  - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
  - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
  - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
25. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
  - a. Financial statement preparation
  - b. Adjusting journal entries
  - c. Compiled regulatory reports
  - d. Civic Systems software

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26. The Town of Lisbon has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The Town of Lisbon has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
28. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
29. The financial statements properly classify all funds and activities.
30. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
31. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
32. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
33. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
34. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
35. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
36. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
37. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
38. Tax-exempt bonds issued have retained their tax-exempt status.
39. We have appropriately disclosed the Town of Lisbon's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
41. With respect to the supplementary information, (SI):

- a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
42. We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
43. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
44. We have implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and believe that all liabilities, deferred outflows and deferred inflows have been identified and properly classified in the financial statements and any other required classifications and RSI have been computed in compliance with the Standard.

Sincerely,


Town of Lisbon

Signed:

  
Ms. Gina Gresch, Administrator

Signed:

  
Mr. Joseph Osterman, Chairman

A photograph showing a person's arm and hand writing on a document on a wooden table. The person is wearing a light blue long-sleeved shirt and a black watch with a brown strap. In the background, another person is visible, gesturing with their hands. The text "Appendix C: Two-way communication regarding your audit" is overlaid on the image.

## **Appendix C: Two-way communication regarding your audit**

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - Identify types of potential misstatements.
  - Consider factors that affect the risks of material misstatement.
  - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Town will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



**TOWN OF LISBON**

Lisbon, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

# TOWN OF LISBON

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# **TOWN OF LISBON**

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## INDEPENDENT AUDITORS' REPORT

To the Town Board  
Town of Lisbon  
Lisbon, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Lisbon'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 accounting principles generally accepted in the United States of America; this includes 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. 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 of Lisbon'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 of Lisbon'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.

To the Town Board  
Town of Lisbon

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, Town of Lisbon adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, Town of Lisbon adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Town Board  
Town of Lisbon

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
April 23, 2020

## **BASIC FINANCIAL STATEMENTS**

# TOWN OF LISBON

## STATEMENT OF NET POSITION As of December 31, 2019

	Primary Government		
	Governmental	Business -	
	Activities	type	Totals
		Activities	
<b>ASSETS</b>			
Cash and investments	\$ 5,511,131	\$ 283,324	\$ 5,794,455
Taxes receivable	5,119,766	231,584	5,351,350
Delinquent personal property taxes receivable	4,838	-	4,838
Accounts receivable, net	529,199	-	529,199
Internal balances	4,055	(4,055)	-
Prepaid items	84,805	-	84,805
Land held for resale	1,709,545	-	1,709,545
Capacity entitlements, net	1,201,017	-	1,201,017
Capital assets			
Land	558,240	-	558,240
Other capital assets	37,383,836	818,496	38,202,332
Less: Accumulated depreciation/amortization	(19,086,158)	(51,121)	(19,137,279)
Total Assets	<u>33,020,274</u>	<u>1,278,228</u>	<u>34,298,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	23,038	-	23,038
Pension related amounts	708,305	-	708,305
Total Deferred Outflows of Resources	<u>731,343</u>	<u>-</u>	<u>731,343</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	367,440	2,931	370,371
Deposits	111,479	200	111,679
Accrued interest payable	96,143	-	96,143
Noncurrent liabilities			
Due within one year	1,718,479	-	1,718,479
Due in more than one year	9,464,614	-	9,464,614
Total Liabilities	<u>11,758,155</u>	<u>3,131</u>	<u>11,761,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	356,863	-	356,863
OPEB related amounts	4,397	-	4,397
Unearned revenues	5,139,904	231,584	5,371,488
Total Deferred Inflows of Resources	<u>5,501,164</u>	<u>231,584</u>	<u>5,732,748</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,393,972	767,375	11,161,347
Restricted:			
Library	10,710	-	10,710
Park	52,839	-	52,839
Building	169,966	-	169,966
Fire operations	31,819	-	31,819
Sewer study	104,937	-	104,937
Unrestricted	<u>5,728,055</u>	<u>276,138</u>	<u>6,004,193</u>
<b>TOTAL NET POSITION</b>	<u>\$ 16,492,298</u>	<u>\$ 1,043,513</u>	<u>\$ 17,535,811</u>

See accompanying notes to financial statements.



# TOWN OF LISBON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental activities							
General government	\$ 964,660	\$ 130,207	\$ -	\$ -	\$ (834,453)	\$ -	\$ (834,453)
Public safety	2,517,976	1,249,516	57,544	-	(1,210,916)	-	(1,210,916)
Public works	1,808,522	151,624	333,466	62,436	(1,260,996)	-	(1,260,996)
Sanitation	794,038	842,506	-	-	48,468	-	48,468
Culture and recreation	174,781	26,889	-	-	(147,892)	-	(147,892)
Conservation and development	458,157	106,118	-	-	(352,039)	-	(352,039)
Interest and fiscal charges	226,455	-	-	-	(226,455)	-	(226,455)
Total governmental activities	6,944,589	2,506,860	391,010	62,436	(3,984,283)	-	(3,984,283)
Business-type activities							
Utility District No. 1 - Stormwater and Refuse	165,428	232,187	-	-	-	66,759	66,759
Total business-type activities	165,428	232,187	-	-	-	66,759	66,759
Total primary government	\$ 7,110,017	\$ 2,739,047	\$ 391,010	\$ 62,436	(3,984,283)	66,759	(3,917,524)
General revenues							
Taxes							
Property taxes, levied for general purposes					2,680,002	-	2,680,002
Property taxes, levied for debt service					1,488,180	-	1,488,180
Other taxes					110,555	-	110,555
Intergovernmental revenues not restricted to specific programs					177,744	-	177,744
Investment income					102,477	-	102,477
Gain on sale of capital assets					1,192,000	-	1,192,000
Miscellaneous					35,708	-	35,708
Total general revenues					5,786,666	-	5,786,666
Change in net position					1,802,383	66,759	1,869,142
NET POSITION - Beginning of Year					14,689,915	976,754	15,666,669
NET POSITION - END OF YEAR					\$ 16,492,298	\$ 1,043,513	\$ 17,535,811

See accompanying notes to financial statements.

# TOWN OF LISBON

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 3,400,462	\$ 21,279	\$ 1,662,731	\$ 426,659	\$ 5,511,131
Taxes receivable	3,631,586	1,488,180	-	-	5,119,766
Delinquent personal property taxes receivable	4,838	-	-	-	4,838
Accounts receivable (net)	498,047	-	30,242	910	529,199
Due from other funds	501,704	-	-	-	501,704
Prepaid items	84,805	-	-	-	84,805
<b>TOTAL ASSETS</b>	<b>\$ 8,121,442</b>	<b>\$ 1,509,459</b>	<b>\$ 1,692,973</b>	<b>\$ 427,569</b>	<b>\$ 11,751,443</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts payable	\$ 177,960	\$ -	\$ 49,716	\$ 52,613	\$ 280,289
Accrued liabilities	86,992	-	-	157	87,149
Deposits	111,479	-	-	-	111,479
Due to other funds	-	-	-	497,649	497,649
Total Liabilities	376,431	-	49,716	550,419	976,566
Deferred inflows of resources					
Unearned revenue	3,651,724	1,488,180	-	-	5,139,904
Fund Balances (Deficits)					
Nonspendable	89,643	-	-	-	89,643
Restricted	-	21,279	-	370,271	391,550
Committed	-	-	1,643,257	38,204	1,681,461
Assigned	275,000	-	-	-	275,000
Unassigned (deficits)	3,728,644	-	-	(531,325)	3,197,319
Total Fund Balances (deficits)	4,093,287	21,279	1,643,257	(122,850)	5,634,973
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 8,121,442</b>	<b>\$ 1,509,459</b>	<b>\$ 1,692,973</b>	<b>\$ 427,569</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II. A.					18,855,918
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.					(257,018)
Land held for resale does not relate to current financial resources and is not reported in the governmental funds.					1,709,545
Capacity entitlements do not relate to current financial resources and are not reported in the governmental funds.					1,201,017
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					708,305
Deferred outflows of resources related to deferred charges for refundings do not relate to current financial resources and are not reported in the governmental funds.					23,038
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					(356,863)
The total other postemployment benefit liability does not relate to current financial resources and is not reported in the governmental funds.					(250,689)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.					(4,397)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.					(10,771,531)
<b>NET POSITION OF GOVERNMENTAL FUNDS</b>					<b>\$ 16,492,298</b>

See accompanying notes to the financial statements.

# TOWN OF LISBON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,790,557	\$ 1,488,180	\$ -	\$ -	\$ 4,278,737
Intergovernmental revenues	554,554	-	-	-	554,554
Regulation and compliance	448,399	-	-	-	448,399
Public charges for services	1,913,590	-	-	53,973	1,967,563
Intergovernmental charges for services	43,778	-	62,436	38,353	144,567
Investment income	97,483	-	4,241	753	102,477
Miscellaneous	22,578	-	32,132	3,966	58,676
Total Revenues	<u>5,870,939</u>	<u>1,488,180</u>	<u>98,809</u>	<u>97,045</u>	<u>7,554,973</u>
<b>EXPENDITURES</b>					
Current					
General government	898,625	-	-	-	898,625
Public safety	2,309,050	-	-	-	2,309,050
Public works	931,312	-	-	31,197	962,509
Sanitation	794,038	-	-	-	794,038
Culture and recreation	148,208	-	-	3,604	151,812
Conservation and development	-	-	-	458,157	458,157
Capital Outlay	-	-	152,761	-	152,761
Debt Service					
Principal	-	1,590,842	-	-	1,590,842
Interest	-	257,338	-	-	257,338
Total Expenditures	<u>5,081,233</u>	<u>1,848,180</u>	<u>152,761</u>	<u>492,958</u>	<u>7,575,132</u>
Excess (deficiency) of revenues over expenditures	<u>789,706</u>	<u>(360,000)</u>	<u>(53,952)</u>	<u>(395,913)</u>	<u>(20,159)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	1,192,000	-	-	-	1,192,000
Transfers in	-	360,000	466,427	92,644	919,071
Transfers out	(826,427)	-	-	(92,644)	(919,071)
Total Other Financing Sources (Uses)	<u>365,573</u>	<u>360,000</u>	<u>466,427</u>	<u>-</u>	<u>1,192,000</u>
<b>Net Change in Fund Balances</b>	1,155,279	-	412,475	(395,913)	1,171,841
FUND BALANCE - BEGINNING OF YEAR	<u>2,938,008</u>	<u>21,279</u>	<u>1,230,782</u>	<u>273,063</u>	<u>4,463,132</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>	<u>\$ 5,634,973</u>

See accompanying notes to financial statements.

## TOWN OF LISBON

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

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Net change in fund balances - total governmental funds	\$ 1,171,841
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	152,761
Some items reported as current expenditures were capitalized	30,299
Depreciation is recorded in the government-wide statements	(1,117,397)
Net book value of assets disposed of	(4,000)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	1,590,842
------------------	-----------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued sick and vacation pay	(55,312)
Net pension liability	(465,388)
Deferred outflows of resources related to pension and OPEB	314,395
Deferred inflows of resources related to pension and OPEB	53,071
Total other postemployment benefit liability	269
Amortization of deferred charge on refunding	(11,520)
Amortization of premium on long-term debt	30,723
Accrued interest on debt	11,680
Amortization of capacity entitlements	100,119

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,802,383</b>
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See accompanying notes to financial statements.

# TOWN OF LISBON

## STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	Business-type Activities - Enterprise Fund
	<u>Storm Water Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 283,324
Taxes receivable	<u>231,584</u>
Total Current Assets	<u>514,908</u>
<b>NON-CURRENT ASSETS</b>	
Capital assets	
Property and equipment	818,496
Less: Accumulated depreciation/amortization	<u>(51,121)</u>
Total Non-Current Assets	<u>767,375</u>
Total Assets	<u>1,282,283</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	1,549
Accrued liabilities	1,382
Deposits	200
Due to other funds	<u>4,055</u>
Total Current Liabilities	<u>7,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Subsequent year's tax levy	<u>231,584</u>
<b>NET POSITION</b>	
Investment in capital assets	767,375
Unrestricted	<u>276,138</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,043,513</u>

See accompanying notes to financial statements.

## TOWN OF LISBON

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Fund
	Storm Water Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 232,187
<b>OPERATING EXPENSES</b>	
Operation and maintenance	156,164
Depreciation	9,264
Total Operating Expenses	165,428
Operating Income before Capital Contributions	66,759
<b>CAPITAL CONTRIBUTIONS</b>	-
Change in Net Position	66,759
NET POSITION - Beginning of Year	976,754
<b>NET POSITION - END OF YEAR</b>	<b>\$ 1,043,513</b>

See accompanying notes to financial statements.

# TOWN OF LISBON

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Fund
	Storm Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 232,187
Paid to vendors for goods and services	(111,369)
Paid to employees for services	(48,190)
Net Cash Flows from Operating Activities	<u>72,628</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	-
Grant received	-
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	72,628
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>210,696</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u><u>\$ 283,324</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>	
Operating income	\$ 66,759
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	9,264
Changes in assets and liabilities	
Taxes receivable	(2,659)
Accounts payable	(4,202)
Accrued liabilities	807
Deferred inflow of resources - subsequent year's tax levy	<u>2,659</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 72,628</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	

See accompanying notes to financial statements.

## TOWN OF LISBON

### STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of December 31, 2019

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	Custodial Fund
	<u>Tax Roll Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,706,909
Taxes receivable	<u>4,070,162</u>
Total Assets	<u>14,777,071</u>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	7,210
Due to other taxing units	<u>14,769,861</u>
Total Liabilities	<u>14,777,071</u>
<b>NET POSITION</b>	<u>\$ -</u>

See accompanying notes to financial statements.



## TOWN OF LISBON

### STATEMENT OF CHANGE IN FIDUCIARY NET POSITION FIDUCIARY FUND

For the Year Ended December 31, 2019

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	Custodial Fund
	<u>Tax Roll Fund</u>
<b>ADDITIONS</b>	
Tax collections	<u>\$ 11,298,117</u>
<b>DEDUCTIONS</b>	
Payments to overlying districts	<u>11,298,117</u>
<b>Net Change in Net Position</b>	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>

See accompanying notes to financial statements.

## TOWN OF LISBON

### INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Town of Lisbon, Wisconsin (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the town. The reporting entity for the town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The town has not identified any organizations that meet this criteria.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

#### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

###### ***Fund Financial Statements***

Financial statements of the town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the town or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the town believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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 - accounts for the town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital projects fund - Equipment Acquisition Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The town reports the following major enterprise fund:

- Storm Water Fund - accounts for operations of the storm water system

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

The town reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library Fund  
Building Fund  
Compost Fund

Park Fund  
Fire Operations Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TID #1 Fund

Sewer Study Fund

In addition, the town reports the following fund type:

Custodial Funds - used to account for and report assets controlled by the town and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Roll Fund

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the town's storm water fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the town is entitled the resources and the amounts are available. Amounts owed to the town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 storm water fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of town funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The town has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk
- Interest rate risk
- Concentration of credit risk
- Investments highly sensitive to interest rate changes
- Foreign currency risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

##### ***2. Receivables***

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the storm water fund because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.



# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***3. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### ***4. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***5. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### ***6. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

##### ***7. Long-Term Obligations/Conduit Debt***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

##### ***8. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **9. Equity Classifications**

###### ***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

###### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. Equity Classifications (cont.)***

##### ***Fund Statements (cont.)***

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The town has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20% of the ensuing year's budgeted general fund expenditures with a target of 30%. The balance at year end was \$1,101,241, and is included in unassigned general fund fund balance.

See Note IV. F. for further information.

##### ***10. Pension***

For purposes of measuring the net pension asset (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.

##### ***11. Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the Town OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

###### **12. Basis for Existing Rates**

###### ***Storm Water Fund***

Current storm water rates are approved by the Town Board annually and placed on tax bills.

###### **13. Land Held for Resale**

The Town purchased land held for resale. In the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

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#### NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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##### *A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	558,240
Buildings and improvements		3,043,581
Equipment and furnishings		5,556,272
Infrastructure		28,737,973
Intangible - software		46,010
Less: Accumulated depreciation		<u>(19,086,158)</u>
Combined Adjustment for Capital Assets	\$	<u><u>18,855,918</u></u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

---

##### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)**

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	9,347,943
Accumulated sick and vacation pay		194,799
Accrued interest		96,145
Village of Sussex contract payable		917,581
Unamortized debt premium		<u>215,063</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>10,771,531</u></u>

---

#### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

---

##### **A. BUDGETARY INFORMATION**

A budget has been adopted for the General Fund, Debt Service Fund, Special Revenue Fund - Compost and the Capital Project Fund - Equipment Acquisition Fund. A budget has not been formally adopted for Special revenue funds - Park Fund, Building Fund, Fire Operations Fund and Library Fund and Capital projects funds - Sewer study Fund and TID #1 Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

##### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Capital Project Fund - Equipment acquisition fund	\$ 143,000	\$ 152,761	\$ 9,761

The town controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the town's year-end budget to actual report.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

---

##### ***C. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - TID #1 Fund	\$ 531,325	Expenditures exceeding revenue sources

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Fund deficits are anticipated to be funded with future tax increment or long-term borrowing.

##### ***D. LIMITATIONS ON THE TOWN'S TAX LEVY***

Wisconsin law limits the town's future tax levies. Generally the town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS

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##### ***A. DEPOSITS AND INVESTMENTS***

The town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The town's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 13,873,444	\$ 13,968,308	Custodial credit
LGIP	2,627,720	2,627,720	Credit
Petty cash	200	-	N/A
Total Deposits and Investments	<u>\$ 16,501,364</u>	<u>\$ 16,596,028</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,794,455		
Per statement of fiduciary net position			
Tax Roll Fund	<u>10,706,909</u>		
Total Deposits and Investments	<u>\$ 16,501,364</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The town maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$13,884,935 to secure the town's deposits.

##### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the town's deposits may not be returned to the town.



## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### **A. DEPOSITS AND INVESTMENTS** (cont.)

###### ***Custodial Credit Risk*** (cont.)

##### **Deposits** (cont.)

The town does not have any deposits exposed to custodial credit risk.

###### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The town had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

##### **B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	<u>\$ 5,371,488</u>
Total Unearned/Unavailable Revenue for Governmental and Proprietary Funds	<u><u>\$ 5,371,488</u></u>

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total Capital Assets Not Being				
Depreciated	558,240	-	-	558,240
Capital assets being				
depreciated/amortized				
Buildings and improvements	3,043,581	-	-	3,043,581
Equipment and furnishings	5,538,031	43,229	24,988	5,556,272
Infrastructure	28,598,142	139,831	-	28,737,973
Intangibles - software	46,010	-	-	46,010
Total Capital Assets Being				
Depreciated/Amortized	37,225,764	183,060	24,988	37,383,836
Total Capital Assets	37,784,004	183,060	24,988	37,942,076
Less: Accumulated				
depreciation/amortization for				
Buildings and improvements	(1,028,271)	(48,876)	-	(1,077,147)
Equipment and furnishings	(2,501,800)	(298,566)	20,988	(2,779,378)
Infrastructure	(14,458,528)	(767,654)	-	(15,226,182)
Intangibles - software	(1,150)	(2,301)	-	(3,451)
Total Accumulated				
Depreciation/Amortization	(17,989,749)	(1,117,397)	20,988	(19,086,158)
Net Capital Assets Being				
Depreciated/Amortized	19,236,015	(934,337)	4,000	18,297,678
Total Governmental Activities				
Capital Assets, Net of				
Accumulated				
Depreciation/Amortization	\$ 19,794,255	\$ (934,337)	\$ 4,000	\$ 18,855,918

Depreciation/amortization expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 54,418
Public safety	160,857
Public works	879,778
Culture and recreation	22,344
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,117,397</u>

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total Capital Assets Not Being Depreciation	<u>530,141</u>	<u>-</u>	<u>-</u>	<u>530,141</u>
Capital assets being depreciated/amortized				
Storm water infrastructure	280,686	-	-	280,686
Intangible - software	<u>7,669</u>	<u>-</u>	<u>-</u>	<u>7,669</u>
Total Capital Assets Being Depreciated/Amortized	<u>288,355</u>	<u>-</u>	<u>-</u>	<u>288,355</u>
Total Capital Assets	<u>818,496</u>	<u>-</u>	<u>-</u>	<u>818,496</u>
Less: Accumulated depreciation for				
Storm water infrastructure	(41,665)	(8,881)	-	(50,546)
Intangible - software	<u>(192)</u>	<u>(383)</u>	<u>-</u>	<u>(575)</u>
Total Accumulated Depreciation	<u>(41,857)</u>	<u>(9,264)</u>	<u>-</u>	<u>(51,121)</u>
Net Capital Assets Being Depreciated/Amortized	<u>246,498</u>	<u>(9,264)</u>	<u>-</u>	<u>237,234</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 776,639</u>	<u>\$ (9,264)</u>	<u>\$ -</u>	<u>\$ 767,375</u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS*

##### *Interfund Receivables/Payables*

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Storm Water Fund	\$ 4,055
General Fund	Special revenue fund - compost fund	1,838
General Fund	Capital projects fund - TID #1 fund	<u>495,811</u>
Total - Fund Financial Statements		501,704
Less: Government-wide eliminations		<u>(497,649)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 4,055</u>

All amounts are due within one year.

The principal purpose of these interfunds is to fund cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)*

###### *Transfers*

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 360,000	To cover debt service costs.
Capital Projects Fund - Equipment Acquisition fund	General Fund	466,427	Sinking fund budget for capital costs.
Special Revenue - Building Fund	Special Revenue - Fire Operations Fund	<u>92,644</u>	To include in proper fund.
Total - Fund Financial Statements		919,071	
Less: Fund eliminations		<u>(919,071)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### ***E. LONG-TERM OBLIGATIONS***

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 10,836,531	\$ -	\$ 1,488,588	\$ 9,347,943	\$ 1,493,672
Village of Sussex Contracts Payable	1,019,835	-	102,254	917,581	104,858
(Discounts)/Premiums	<u>245,786</u>	<u>-</u>	<u>30,723</u>	<u>215,063</u>	<u>-</u>
Sub-totals	<u>12,102,152</u>	<u>-</u>	<u>1,621,565</u>	<u>10,480,587</u>	<u>1,598,530</u>
Other Liabilities					
Accumulated sick and vacation pay	139,487	175,261	119,949	194,799	119,949
Other postemployment benefits liability	250,958	-	269	250,689	-
Net pension liability	<u>-</u>	<u>257,018</u>	<u>-</u>	<u>257,018</u>	<u>-</u>
Total Other Liabilities	<u>390,445</u>	<u>432,279</u>	<u>120,218</u>	<u>702,506</u>	<u>119,949</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,492,597</u>	<u>\$ 432,279</u>	<u>\$ 1,741,783</u>	<u>\$ 11,183,093</u>	<u>\$ 1,718,479</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the town may not exceed 5% of the equalized value of taxable property within the town's jurisdiction. The debt limit as of December 31, 2019, was \$66,115,700. Total general obligation debt outstanding at year end was \$9,347,943.

#### ***General Obligation Debt***

All general obligation notes and bonds payable are backed by the full faith and credit of the town. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General obligation debt	07/01/10	07/01/20	3.05%	\$ 550,000	\$ 55,000
General obligation debt	08/01/11	08/01/21	3.15	650,000	130,000
General obligation debt	08/15/12	08/15/22	2.00	594,250	178,275
General obligation debt	08/01/13	08/01/23	2.00	567,000	226,800
General obligation debt	03/01/14	03/01/24	2.90	539,250	269,625
General obligation debt	12/11/14	03/15/21	.5 - 1.9	2,115,000	550,000
General obligation debt	01/01/15	02/15/22	0.00	23,304	8,684
General obligation debt	07/07/16	03/01/26	2.00	8,060,000	6,435,000
General obligation debt	07/26/16	03/15/36	3.50	1,700,000	<u>1,494,559</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 9,347,943</u>

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. LONG-TERM OBLIGATIONS* (cont.)

##### *General Obligation Debt* (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,493,672	\$ 201,147
2021	1,481,115	168,484
2022	1,143,500	139,538
2023	1,098,631	115,011
2024	1,064,369	102,154
2025-2029	2,344,264	214,931
2030-2034	497,988	92,819
2035-2036	224,404	11,864
Totals	<u>\$ 9,347,943</u>	<u>\$ 1,045,948</u>

##### *Village of Sussex contracts payable*

Village of Sussex contracts payable at December 31, 2019 consist of the following:

#### **Governmental Activities**

<u>Village of Sussex contracts payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	<u>\$ 917,581</u>
Total Governmental Activities Village of Sussex contracts payable					<u>\$ 917,581</u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### ***E. LONG-TERM OBLIGATIONS*** (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Village of Sussex contracts payable	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 104,858	\$ 22,035
2021	107,529	19,331
2022	110,267	16,557
2023	113,076	13,713
2024	115,957	6,136
2025-2027	<u>365,894</u>	<u>9,397</u>
Totals	<u>\$ 917,581</u>	<u>\$ 87,169</u>

##### ***Other Debt Information***

Estimated payments of accumulated sick and vacation pay, net pension liability and the other post employment benefits liability are not included in the debt service requirement schedules. The accumulated sick and vacation pay, net pension liability and the other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

##### ***F. NET POSITION/FUND BALANCES***

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

##### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 558,240
Other capital assets, net of accumulated depreciation/amortization	18,297,678
Less: Long-term debt outstanding	(9,347,943)
Plus: Unspent capital related debt proceeds	1,078,021
Plus: Unamortized charge on refunding	23,039
Less: Unamortized debt premium	<u>(215,063)</u>
Total Net Investment in Capital Assets	<u>\$ 10,393,972</u>



# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 84,805	\$ -	\$ -	\$ -	\$ 84,805
Delinquent personal property taxes	4,838	-	-	-	4,838
Sub-total	<u>89,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,643</u>
<b>Restricted for:</b>					
Debt service	-	21,279	-	-	21,279
Library	-	-	-	10,710	10,710
Park	-	-	-	52,839	52,839
Building	-	-	-	169,966	169,966
Fire operations	-	-	-	31,819	31,819
Sewer study	-	-	-	104,937	104,937
Sub-total	<u>-</u>	<u>21,279</u>	<u>-</u>	<u>370,271</u>	<u>391,550</u>
<b>Committed to:</b>					
Equipment acquisition	-	-	1,643,257	-	1,643,257
Compost	-	-	-	38,204	38,204
Sub-total	<u>-</u>	<u>-</u>	<u>1,643,257</u>	<u>38,204</u>	<u>1,681,461</u>
<b>Assigned to:</b>					
Other postemployment benefits	251,000	-	-	-	251,000
Impact fee study	8,000	-	-	-	8,000
Litigation	16,000	-	-	-	16,000
Sub-total	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,000</u>
<b>Unassigned (deficit):</b>	<u>3,728,644</u>	<u>-</u>	<u>-</u>	<u>(531,325)</u>	<u>3,197,319</u>
<b>Total Fund Balances (Deficit)</b>	<u><u>\$ 4,093,287</u></u>	<u><u>\$ 21,279</u></u>	<u><u>\$ 1,643,257</u></u>	<u><u>\$ (122,850)</u></u>	<u><u>\$ 5,634,973</u></u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION

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##### ***A. EMPLOYEES' RETIREMENT SYSTEM***

***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 1,200 hours a year (880 hours 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>.

***Vesting.*** 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.

***Benefits provided.*** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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 LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
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	17.0

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 reporting period, the WRS recognized \$79,704 in contributions from the town.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

##### ***Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019, the town reported a liability of \$257,018 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 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 0.00722431%, which was an increase of 0.00020631% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the town recognized pension expense of \$160,716.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE V - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,178	\$ 353,843
Changes in assumptions	43,323	-
Net differences between projected and actual earnings on pension plan investments	375,357	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,819	3,020
Employer contributions subsequent to the measurement date	<u>86,628</u>	<u>-</u>
Totals	<u>\$ 708,305</u>	<u>\$ 356,863</u>

\$86,628 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 96,131
2021	23,652
2022	41,742
2023	103,289

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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 Normal
Asset Valuation Method:	Fair 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 LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
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 member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**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:

	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)	\$1,021,417	\$257,018	\$(311,371)

**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>.

At December 31, 2019, the town reported a payable to the pension plan of \$10,976 which represents contractually required contributions outstanding as of the end of the year.

##### **B. RISK MANAGEMENT**

The town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

##### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the town attorney 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.

##### **D. OTHER POSTEMPLOYMENT BENEFITS**

The town administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The plan provides health insurance benefits for eligible retirees and their spouses through the town's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the town board.



## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### ***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

###### ***GENERAL INFORMATION ABOUT THE OPEB PLAN***

**Plan description.** The town's defined benefit OPEB plan, provides OPEB for all permanent full-time employees hired prior to January 1, 2000 upon retirement and that are eligible for WRS. The OPEB plan a single-employer defined benefit OPEB plan administered by the town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits provided.** The town provides healthcare insurance benefits for retirees. The benefit terms provide for payment of 75 percent of health insurance premiums for retirees.

**Employees covered by benefit terms.** At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	11
	<u>12</u>

###### ***TOTAL OPEB LIABILITY***

The town's total OPEB liability of \$250,689 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	Range from 3.5% in service year 1 to .4% in service year 30 for general and 4.8% in service year 1 to .5% in service year 30 for protective
Healthcare cost trend rates	Range from -1.29% in year one to 5.0% in years 18 and over

The discount rate was based on the municipal bond rate..

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE V - OTHER INFORMATION (cont.)

#### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-2014.

#### CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ 250,958
Changes for the year:	
Service cost	7,120
Interest	8,729
Changes in assumptions or other inputs	(5,863)
Benefit payments	(10,255)
Net changes	(269)
Balances at December 31, 2019	\$ 250,689

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the town, as well as what the town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 262,503	\$ 250,689	\$ 239,255

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.** The following presents the net OPEB liability of the town, as well as what the town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ((2.3) percent decreasing to 4.0 percent) or 1-percentage-point higher ((0.3) percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease ((2.3)% Decreasing to 4.0%)	Healthcare Cost Trend Rates ((1.3)% Decreasing to 5.0%)	1% Increase ((0.3)% Decreasing to 6.0%)
Total OPEB liability	\$ 233,736	\$ 250,689	\$ 269,203

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### NOTE V - OTHER INFORMATION (cont.)

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##### ***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

##### ***OPEB EXPENSE AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB***

For the year ended December 31, 2019, the town recognized OPEB expense of \$14,383. At December 31, 2019, the town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 4,397
Total	<u>\$ 4,397</u>

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

##### Year Ended December 31:

2020	\$ (1,466)
2021	(1,466)
2022	(1,465)

##### ***E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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#### **NOTE V - OTHER INFORMATION (cont.)**

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##### ***F. CAPACITY ENTITLEMENTS***

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the town. The town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the town were \$764,716. In 2009 and 2019, upgrades and expansion to the wastewater facility were completed. The costs allocated to the town for this project were \$1,912,595 and \$220,160, respectively. The capacity entitlements asset represents the capacity rights the town as purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2019, accumulated amortization was \$1,696,454.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF LISBON

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 2,770,316	\$ 2,790,557	\$ 20,241
Intergovernmental revenues	531,735	554,554	22,819
Regulation and compliance	392,640	448,399	55,759
Public charges for services	1,417,562	1,913,590	496,028
Intergovernmental charges for services	35,000	43,778	8,778
Investment income	30,000	97,483	67,483
Miscellaneous	50,766	22,578	(28,188)
Total Revenues	<u>5,228,019</u>	<u>5,870,939</u>	<u>642,920</u>
<b>EXPENDITURES</b>			
Current			
General government	826,224	898,625	(72,401)
Public safety	1,911,372	2,309,050	(397,678)
Public works	998,859	931,312	67,547
Sanitation	838,950	794,038	44,912
Culture and recreation	186,187	148,208	37,979
Total Expenditures	<u>4,761,592</u>	<u>5,081,233</u>	<u>(319,641)</u>
Excess of revenues over (under) expenditures	466,427	789,706	323,279
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	1,192,000	1,192,000
Transfer out	(466,427)	(826,427)	(360,000)
Total other financing sources (uses)	<u>(466,427)</u>	<u>365,573</u>	<u>832,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>1,155,279</u>	<u>\$ 1,155,279</u>
FUND BALANCE - Beginning of Year		<u>2,938,008</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 4,093,287</u>	

See independent auditors' report and accompanying notes to required supplementary information.

## TOWN OF LISBON

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/15	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/16	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/17	0.007018000%	(208,370)	900,604	23.14%	102.93%
12/31/18	0.007224310%	257,018	975,271	26.35%	96.45%

## TOWN OF LISBON

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Town's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 69,036	\$ (69,036)	\$ -	\$ 917,335	7.53%
12/31/16	66,397	(66,397)	-	902,432	7.36%
12/31/17	70,893	(70,893)	-	907,525	7.81%
12/31/18	75,349	(75,349)	-	900,683	8.37%
12/31/19	86,628	(86,628)	-	1,041,535	8.32%

See independent auditors' report and accompanying notes  
to required supplementary information.

## TOWN OF LISBON

### SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - OTHER POSTEMPLOYMENT BENEFITS OBLIGATION - TOWN RETIREE BENEFITS PLAN For the Year Ended December 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	\$ 7,120	\$ 7,120
Interest	8,729	8,396
Prior year activity	-	135,283
Changes of assumptions	(5,863)	-
Benefit payments	(10,255)	(1,796)
Net Change in Total OPEB Liability	(269)	149,003
Total OPEB Liability - Beginning	250,958	101,955
Total OPEB Liability - Ending	<u>\$ 250,689</u>	<u>\$ 250,958</u>
 Covered-employee payroll	 \$ 287,430	 \$ 287,430
 Total OPEB liability as a percentage of covered-employee payroll	 87.22%	 87.31%

*Note: This schedule is to show information for 10 years.*

*However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*



## TOWN OF LISBON

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS OBLIGATION - TOWN RETIREE BENEFITS PLAN For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 287,430	\$ 287,430
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

*Note: This schedule is to show information for 10 years.*

*However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*

# **TOWN OF LISBON**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019**

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

The budget amounts presented are as presented in the original budget and no amendments were adopted during the year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

### ***TOWN OTHER POST EMPLOYMENT BENEFITS***

The town is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for town.

*Changes in Assumptions.* There were no changes in assumptions.

## **SUPPLEMENTARY INFORMATION**

# TOWN OF LISBON

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds					Capital Projects Funds		
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	Total Nonmajor Funds
<b>ASSETS</b>								
Cash and investments	\$ 10,710	\$ 54,439	\$ 185,566	\$ 31,819	\$ 39,188	\$ -	\$ 104,937	\$ 426,659
Accounts receivable	-	-	-	-	910	-	-	910
<b>TOTAL ASSETS</b>	<u>\$ 10,710</u>	<u>\$ 54,439</u>	<u>\$ 185,566</u>	<u>\$ 31,819</u>	<u>\$ 40,098</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 427,569</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$ -	\$ 1,600	\$ 15,600	\$ -	\$ -	\$ 35,413	\$ -	\$ 52,613
Accrued liabilities	-	-	-	-	56	101	-	157
Due to other funds	-	-	-	-	1,838	495,811	-	497,649
Total Liabilities	<u>-</u>	<u>1,600</u>	<u>15,600</u>	<u>-</u>	<u>1,894</u>	<u>531,325</u>	<u>-</u>	<u>550,419</u>
Fund Balances (Deficits)								
Restricted	10,710	52,839	169,966	31,819	-	-	104,937	370,271
Committed	-	-	-	-	38,204	-	-	38,204
Unassigned (deficits)	-	-	-	-	-	(531,325)	-	(531,325)
Total Fund Balances (Deficits)	<u>10,710</u>	<u>52,839</u>	<u>169,966</u>	<u>31,819</u>	<u>38,204</u>	<u>(531,325)</u>	<u>104,937</u>	<u>(122,850)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 10,710</u>	<u>\$ 54,439</u>	<u>\$ 185,566</u>	<u>\$ 31,819</u>	<u>\$ 40,098</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 427,569</u>

# TOWN OF LISBON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Special Revenue Funds					Capital Projects Funds		
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	Total Nonmajor Funds
<b>REVENUES</b>								
Public charges for services	\$ -	\$ 18,305	\$ 35,668	\$ -	\$ -	\$ -	\$ -	\$ 53,973
Intergovernmental charges for services	-	-	-	-	38,353	-	-	38,353
Investment income	-	-	-	753	-	-	-	753
Miscellaneous	-	3,966	-	-	-	-	-	3,966
Total Revenues	-	22,271	35,668	753	38,353	-	-	97,045
<b>EXPENDITURES</b>								
Current								
Public works	-	-	-	-	31,197	-	-	31,197
Culture and recreation	-	3,604	-	-	-	-	-	3,604
Conservation and development	-	-	-	-	-	458,157	-	458,157
Total Expenditures	-	3,604	-	-	31,197	458,157	-	492,958
Excess (deficiency) of revenues over expenditures	-	18,667	35,668	753	7,156	(458,157)	-	(395,913)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	92,644	-	-	-	-	92,644
Transfers out	-	-	-	(92,644)	-	-	-	(92,644)
Total Other Financing Sources (Uses)	-	-	92,644	(92,644)	-	-	-	-
Net Changes in Fund Balance	-	18,667	128,312	(91,891)	7,156	(458,157)	-	(395,913)
FUND BALANCE (DEFICIT) - Beginning of Year	10,710	34,172	41,654	123,710	31,048	(73,168)	104,937	273,063
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 10,710</b>	<b>\$ 52,839</b>	<b>\$ 169,966</b>	<b>\$ 31,819</b>	<b>\$ 38,204</b>	<b>\$ (531,325)</b>	<b>\$ 104,937</b>	<b>\$ (122,850)</b>

# **TOWN OF LISBON**

Lisbon, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# **TOWN OF LISBON**

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# TOWN OF LISBON

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As of and for the Year Ended December 31, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Town Board  
Town of Lisbon  
Lisbon, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Lisbon'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 accounting principles generally accepted in the United States of America; this includes 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. 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 of Lisbon'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 of Lisbon'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Town Board  
Town of Lisbon

### ***Emphasis of Matter***

As discussed in Note I, the Town of Lisbon adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
April 16, 2019

## **BASIC FINANCIAL STATEMENTS**

# TOWN OF LISBON

## STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government		
	Governmental Activities	Business - type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 4,227,362	\$ 210,696	\$ 4,438,058
Taxes receivable	5,010,007	228,925	5,238,932
Delinquent personal property taxes receivable	5,578	-	5,578
Accounts receivable, net	667,466	-	667,466
Internal balances	4,054	(4,054)	-
Prepaid items	83,222	-	83,222
Restricted assets - net pension asset	208,370	-	208,370
Land held for resale	1,709,545	-	1,709,545
Capacity entitlements, net	1,100,897	-	1,100,897
Capital assets			
Land	558,240	-	558,240
Other capital assets	37,225,763	818,496	38,044,259
Less: Accumulated depreciation/amortization	(17,989,749)	(41,857)	(18,031,606)
Total Assets	<u>32,810,755</u>	<u>1,212,206</u>	<u>34,022,961</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	34,558	-	34,558
Other postemployment benefit related amount	10,255	-	10,255
Pension related amounts	383,655	-	383,655
Total Deferred Outflows of Resources	<u>428,468</u>	<u>-</u>	<u>428,468</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	311,708	6,327	318,035
Deposits	213,142	200	213,342
Accrued interest payable	107,823	-	107,823
Noncurrent liabilities			
Due within one year	1,678,520	-	1,678,520
Due in more than one year	10,814,077	-	10,814,077
Total Liabilities	<u>13,125,270</u>	<u>6,527</u>	<u>13,131,797</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	414,331	-	414,331
Unearned revenues	5,009,707	228,925	5,238,632
Total Deferred Inflows of Resources	<u>5,424,038</u>	<u>228,925</u>	<u>5,652,963</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,977,277	776,639	10,753,916
Restricted:			
Library	10,710	-	10,710
Park	34,172	-	34,172
Building	41,654	-	41,654
Fire operations	123,710	-	123,710
Sewer study	104,937	-	104,937
Pension	208,370	-	208,370
Unrestricted	<u>4,189,085</u>	<u>200,115</u>	<u>4,389,200</u>
<b>TOTAL NET POSITION</b>	<u>\$ 14,689,915</u>	<u>\$ 976,754</u>	<u>\$ 15,666,669</u>

See accompanying notes to financial statements.

# TOWN OF LISBON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental activities							
General government	\$ 1,049,546	\$ 130,216	\$ -	\$ -	\$ (919,330)	\$ -	\$ (919,330)
Public safety	2,075,087	1,004,765	52,314	-	(1,018,008)	-	(1,018,008)
Public works	2,308,067	193,519	289,970	71,408	(1,753,170)	-	(1,753,170)
Sanitation	768,759	822,279	-	-	53,520	-	53,520
Culture and recreation	198,492	10,643	-	-	(187,849)	-	(187,849)
Conservation and development	73,168	52,143	-	-	(21,025)	-	(21,025)
Interest and fiscal charges	257,458	-	-	-	(257,458)	-	(257,458)
Total governmental activities	6,730,577	2,213,565	342,284	71,408	(4,103,320)	-	(4,103,320)
Business-type activities							
Utility District No. 1 - Stormwater and Refuse	201,399	227,541	-	3,055	-	29,197	29,197
Total business-type activities	201,399	227,541	-	3,055	-	29,197	29,197
Total primary government	\$ 6,931,976	\$ 2,441,106	\$ 342,284	\$ 74,463	(4,103,320)	29,197	(4,074,123)
General revenues							
Taxes							
Property taxes, levied for general purposes					2,620,336	-	2,620,336
Property taxes, levied for debt service					1,429,585	-	1,429,585
Other taxes					100,940	-	100,940
Intergovernmental revenues not restricted to specific programs					139,218	-	139,218
Investment income					86,540	-	86,540
Miscellaneous					146,092	-	146,092
Total general revenues					4,522,711	-	4,522,711
Change in net position					419,391	29,197	448,588
NET POSITION - Beginning of Year					14,270,524	947,557	15,218,081
NET POSITION - END OF YEAR					\$ 14,689,915	\$ 976,754	\$ 15,666,669

See accompanying notes to financial statements.

# TOWN OF LISBON

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,624,612	\$ 21,279	\$ 1,229,563	\$ 351,908	\$ 4,227,362
Taxes receivable	3,521,827	1,488,180	-	-	5,010,007
Delinquent personal property taxes receivable	5,578	-	-	-	5,578
Accounts receivable (net)	635,312	-	30,242	1,912	667,466
Due from other funds	79,060	-	-	-	79,060
Prepaid items	83,222	-	-	-	83,222
<b>TOTAL ASSETS</b>	<b>\$ 6,949,611</b>	<b>\$ 1,509,459</b>	<b>\$ 1,259,805</b>	<b>\$ 353,820</b>	<b>\$ 10,072,695</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 203,251	\$ -	\$ 29,023	\$ 5,751	\$ 238,025
Accrued liabilities	73,683	-	-	-	73,683
Deposits	213,142	-	-	-	213,142
Due to other funds	-	-	-	75,006	75,006
Total Liabilities	490,076	-	29,023	80,757	599,856
Deferred inflows of resources					
Unearned revenue	3,521,527	1,488,180	-	-	5,009,707
Fund Balances					
Nonspendable	88,800	-	-	-	88,800
Restricted	-	21,279	-	315,183	336,462
Committed	-	-	1,230,782	31,048	1,261,830
Assigned	760,000	-	-	-	760,000
Unassigned (deficits)	2,089,208	-	-	(73,168)	2,016,040
Total Fund Balances	2,938,008	21,279	1,230,782	273,063	4,463,132
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,949,611</b>	<b>\$ 1,509,459</b>	<b>\$ 1,259,805</b>	<b>\$ 353,820</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II. A.					19,794,255
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.					208,370
Land held for resale does not relate to current financial resources and is not reported in the governmental funds.					1,709,545
Capacity entitlements do not relate to current financial resources and are not reported in the governmental funds.					1,100,897
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					383,655
Deferred outflows of resources related to deferred charges for refundings do not relate to current financial resources and are not reported in the governmental funds.					34,558
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					(414,331)
The total other postemployment benefit liability does not relate to current financial resources and is not reported in the governmental funds.					(250,958)
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.					10,255
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.					(12,349,463)
<b>NET POSITION OF GOVERNMENTAL FUNDS</b>					<b>\$ 14,689,915</b>

See accompanying notes to the financial statements.

# TOWN OF LISBON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,721,276	\$ 1,429,585	\$ -	\$ -	\$ 4,150,861
Intergovernmental revenues	481,502	-	-	-	481,502
Regulation and compliance	538,280	-	-	-	538,280
Public charges for services	1,536,717	-	-	5,317	1,542,034
Intergovernmental charges for services	33,321	-	71,408	37,061	141,790
Investment income	58,800	-	26,962	779	86,541
Miscellaneous	233,667	-	-	4,745	238,412
Total Revenues	<u>5,603,563</u>	<u>1,429,585</u>	<u>98,370</u>	<u>47,902</u>	<u>7,179,420</u>
<b>EXPENDITURES</b>					
Current					
General government	968,747	-	-	-	968,747
Public safety	1,845,219	-	-	-	1,845,219
Public works	934,287	-	-	33,171	967,458
Sanitation	768,759	-	-	-	768,759
Culture and recreation	173,186	-	-	6,250	179,436
Conservation and development	-	-	-	73,168	73,168
Capital Outlay	-	-	1,863,585	-	1,863,585
Debt Service	-	-	-	-	-
Principal	3,159	1,635,151	-	-	1,638,310
Interest	-	289,892	-	-	289,892
Total Expenditures	<u>4,693,357</u>	<u>1,925,043</u>	<u>1,863,585</u>	<u>112,589</u>	<u>8,594,574</u>
Excess (deficiency) of revenues over expenditures	<u>910,206</u>	<u>(495,458)</u>	<u>(1,765,215)</u>	<u>(64,687)</u>	<u>(1,415,154)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	53,875	-	-	-	53,875
Transfers in	-	150,000	457,019	-	607,019
Transfers out	(572,019)	-	-	(35,000)	(607,019)
Total Other Financing Sources (Uses)	<u>(518,144)</u>	<u>150,000</u>	<u>457,019</u>	<u>(35,000)</u>	<u>53,875</u>
<b>Net Change in Fund Balances</b>	<u>392,062</u>	<u>(345,458)</u>	<u>(1,308,196)</u>	<u>(99,687)</u>	<u>(1,361,279)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,545,946</u>	<u>366,737</u>	<u>2,538,978</u>	<u>372,750</u>	<u>5,824,411</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,938,008</u>	<u>\$ 21,279</u>	<u>\$ 1,230,782</u>	<u>\$ 273,063</u>	<u>\$ 4,463,132</u>

See accompanying notes to financial statements.

## TOWN OF LISBON

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

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Net change in fund balances - total governmental funds	\$ (1,361,279)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,863,585
Some items reported as capital outlay were not capitalized	(72,553)
Some items reported as current expenditures were capitalized	46,010
Depreciation is recorded in the government-wide statements	(1,352,715)
Net book value of assets disposed of	(83,327)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	1,638,310
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued sick and vacation pay	(11,695)
Net pension liability	264,817
Deferred outflows of resources related to pensions	(59,352)
Deferred inflows of resources related to pensions	(235,628)
Total other postemployment benefit liability	(149,003)
Deferred outflows of resources related to other postemployment benefits	10,255
Amortization of deferred charge on refunding	(11,520)
Amortization of premium on long-term debt	30,723
Accrued interest on debt	13,230
Amortization of capacity entitlements	(110,467)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 419,391</b>
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See accompanying notes to financial statements.



# TOWN OF LISBON

## STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2018

	Business-type Activities - Enterprise Fund
	<u>Storm Water Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 210,696
Taxes receivable	<u>228,925</u>
Total Current Assets	<u>439,621</u>
<b>NON-CURRENT ASSETS</b>	
Capital assets	
Property and equipment	818,496
Less: Accumulated depreciation/amortization	<u>(41,857)</u>
Total Non-Current Assets	<u>776,639</u>
Total Assets	<u>1,216,260</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	5,751
Accrued liabilities	576
Deposits	200
Due to other funds	<u>4,054</u>
Total Current Liabilities	<u>10,581</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Subsequent year's tax levy	<u>228,925</u>
<b>NET POSITION</b>	
Investment in capital assets	776,639
Unrestricted	<u>200,115</u>
<b>TOTAL NET POSITION</b>	<u>\$ 976,754</u>

See accompanying notes to financial statements.

## TOWN OF LISBON

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Storm Water Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 227,343
Other operating revenue	198
Total Operating Revenues	<u>227,541</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	192,449
Depreciation	8,950
Total Operating Expenses	<u>201,399</u>
Operating income before capital contributions	26,142
<b>CAPITAL CONTRIBUTIONS</b>	<u>3,055</u>
<b>Change in Net Position</b>	29,197
NET POSITION - Beginning of Year	<u>947,557</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 976,754</u>

See accompanying notes to financial statements.

# TOWN OF LISBON

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Fund
	Storm Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 227,542
Paid to vendors for goods and services	(153,075)
Paid to employees for services	(28,993)
Net Cash Flows from Operating Activities	<u>45,474</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(19,969)
Grant received	3,055
Net Cash Flows from Capital and Related Financing Activities	<u>(16,914)</u>
<b>Net Change in Cash and Cash Equivalents</b>	28,560
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>182,136</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u>\$ 210,696</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>	
Operating income	\$ 26,142
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	8,950
Changes in assets and liabilities	
Taxes receivable	(4,207)
Accounts payable	5,751
Accrued liabilities	576
Due to other funds	4,055
Deferred inflow of resources - subsequent year's tax levy	<u>4,207</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 45,474</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	

See accompanying notes to financial statements.

## TOWN OF LISBON

### STATEMENT OF ASSETS AND LIABILITIES

#### AGENCY FUND

As of December 31, 2018

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	Agency Fund - Tax Roll Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,746,934
Taxes receivable	<u>2,336,970</u>
Total Assets	<u>\$ 14,083,904</u>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	\$ 33,826
Due to other taxing units	<u>14,050,078</u>
Total Liabilities	<u>\$ 14,083,904</u>

See accompanying notes to financial statements.

# TOWN OF LISBON

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# **TOWN OF LISBON**

## **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2018

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Town of Lisbon (the "Town"), Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the town. The reporting entity for the town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The town has not identified any organizations that meet this criteria.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

#### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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##### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements***

Financial statements of the town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the town or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the town believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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 - accounts for the town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital projects fund - Equipment Acquisition Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The town reports the following major enterprise fund:

- Storm Water Fund - accounts for operations of the storm water system

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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##### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

###### ***Fund Financial Statements (cont.)***

The town reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library Fund  
Building Fund  
Compost Fund

Park Fund  
Fire Operations Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TID #1 Fund

Sewer Study Fund

In addition, the town reports the following fund types:

Agency Funds - used to account for and report assets held by the town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Roll Fund

##### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

###### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the town's storm water fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)*

###### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the town is entitled the resources and the amounts are available. Amounts owed to the town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The 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 storm water fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

###### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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##### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY*

###### **1. Deposits and Investments**

For purposes of the statement of cash flows, the town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of town funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The town has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk
- Interest rate risk
- Concentration of credit risk
- Investments highly sensitive to interest rate changes
- Foreign currency risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

###### ***1. Deposits and Investments (cont.)***

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

###### ***2. Receivables***

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the storm water fund because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

##### **3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### **4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

##### **5. Capital Assets**

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***5. Capital Assets (cont.)***

##### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### ***6. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### ***7. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

##### ***8. Long-Term Obligations/Conduit Debt***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### ***10. Equity Classifications***

##### ***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. Equity Classifications (cont.)***

##### ***Fund Statements (cont.)***

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The town has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20% of the ensuing year's budgeted general fund expenditures with a target of 30%. The balance at year end was \$1,045,604, and is included in unassigned general fund fund balance.

See Note IV. G. for further information.

##### ***11. Pension***

For purposes of measuring the net pension asset (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.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

##### **12. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the Town OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

##### **13. Basis for Existing Rates**

##### ***Storm Water Fund***

Current storm water rates are approved by the Town Board annually and placed on tax bills.

##### **14. Land Held for Resale**

The Town purchased land held for resale. In the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

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#### NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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##### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	558,240
Buildings and improvements		3,043,581
Equipment and furnishings		5,538,031
Infrastructure		28,598,142
Intangible - software		46,010
Less: Accumulated depreciation		<u>(17,989,749)</u>
Combined Adjustment for Capital Assets	\$	<u>19,794,255</u>



## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### **NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

---

##### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)**

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	10,836,531
Accumulated sick and vacation pay		139,487
Accrued interest		107,823
Village of Sussex contract payable		1,019,835
Unamortized debt premium		<u>245,786</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>12,349,462</u></u>

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#### **NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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##### **A. BUDGETARY INFORMATION**

A budget has been adopted for the General Fund, Debt Service Fund, Special Revenue Fund - Compost and the Capital Project Fund - Equipment Acquisition Fund. A budget has not been formally adopted for Special revenue funds - Park Fund, Building Fund, Fire Operations Fund and Library Fund and Capital projects funds - Sewer study Fund and TID #1 Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

##### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special revenue fund - Compost Fund	\$ 30,451	\$ 33,171	\$ 2,720
Capital Project Fund - Equipment acquisition fund	189,141	1,863,586	1,674,445

The town controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the town's year-end budget to actual report.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

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##### ***C. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - TID #1 Fund	<u>\$ 73,168</u>	Expenditures exceeding revenue sources

TID district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Fund deficits are anticipated to be funded with future tax increment or long-term borrowing.

##### ***D. LIMITATIONS ON THE TOWN'S TAX LEVY***

Wisconsin law limits the town's future tax levies. Generally the town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS

---

##### **A. DEPOSITS AND INVESTMENTS**

The town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The town's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 14,816,210	\$ 14,833,597	Custodial credit
LGIP	1,368,582	1,368,582	Credit
Petty cash	200	-	N/A
Total Deposits and Investments	<u>\$ 16,184,992</u>	<u>\$ 16,202,179</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,438,058		
Per statement of assets and liabilities - agency fund			
Tax Roll Fund	<u>11,746,934</u>		
Total Deposits and Investments	<u>\$ 16,184,992</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The town maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$13,393,684 to secure the town's deposits.

##### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the town's deposits may not be returned to the town.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### A. DEPOSITS AND INVESTMENTS (cont.)

###### *Custodial Credit Risk* (cont.)

##### Deposits (cont.)

As of December 31, 2018, \$289,386 of the town's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>289,282</u>
--------------------------------	-------------------

###### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The town had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

##### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ <u>5,009,707</u>
Total Unearned/Unavailable Revenue for Governmental Funds	\$ <u>5,009,707</u>

##### C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

###### *Net Pension Asset*

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### **NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total Capital Assets Not Being				
Depreciated	558,240	-	-	558,240
Capital assets being				
depreciated/amortized				
Buildings and improvements	2,824,948	218,633	-	3,043,581
Equipment and furnishings	5,396,306	325,818	184,093	5,538,031
Infrastructure	28,265,001	1,246,581	913,440	28,598,142
Intangibles - software	-	46,010	-	46,010
Total Capital Assets Being				
Depreciated/Amortized	36,486,255	1,837,042	1,097,533	37,225,764
Total Capital Assets	37,044,495	1,837,042	1,097,533	37,784,004
Less: Accumulated				
depreciation/amortization for				
Buildings and improvements	(984,857)	(43,414)	-	(1,028,271)
Equipment and furnishings	(2,324,126)	(324,295)	146,621	(2,501,800)
Infrastructure	(14,342,257)	(983,856)	867,585	(14,458,528)
Intangibles - software	-	(1,150)	-	(1,150)
Total Accumulated				
Depreciation/Amortization	(17,651,240)	(1,352,715)	1,014,206	(17,989,749)
Net Capital Assets Being				
Depreciated/Amortized	18,835,015	484,327	83,327	19,236,015
Total Governmental Activities				
Capital Assets, Net of				
Accumulated				
Depreciation/Amortization	\$ 19,393,255	\$ 484,327	\$ 83,327	\$ 19,794,255

Depreciation/amortization expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 56,067
Public safety	157,122
Public works	1,116,462
Culture and recreation	23,064
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,352,715

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### *D. CAPITAL ASSETS (cont.)*

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total Capital Assets Not Being Depreciation	<u>530,141</u>	<u>-</u>	<u>-</u>	<u>530,141</u>
Capital assets being depreciated/amortized				
Storm water infrastructure	268,386	12,300	-	280,686
Intangible - software	-	7,669	-	7,669
Total Capital Assets Being Depreciated/Amortized	<u>268,386</u>	<u>19,969</u>	<u>-</u>	<u>288,355</u>
Total Capital Assets	<u>798,527</u>	<u>19,969</u>	<u>-</u>	<u>818,496</u>
Less: Accumulated depreciation for				
Storm water infrastructure	(32,907)	(8,758)	-	(41,665)
Intangible - software	-	(192)	-	(192)
Total Accumulated Depreciation	<u>(32,907)</u>	<u>(8,950)</u>	<u>-</u>	<u>(41,857)</u>
Net Capital Assets Being Depreciated/Amortized	<u>235,479</u>	<u>11,019</u>	<u>-</u>	<u>246,498</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 765,620</u>	<u>\$ 11,019</u>	<u>\$ -</u>	<u>\$ 776,639</u>

#### *E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS*

##### *Interfund Receivables/Payables*

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Storm Water Fund	\$ 4,054
General Fund	Special revenue fund - compost fund	1,838
General Fund	Capital projects fund - TID #1 fund	<u>73,168</u>
Total - Fund Financial Statements		79,060
Less: Fund eliminations		<u>(75,006)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 4,054</u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)*

##### *Interfund Receivables/Payables (cont.)*

All amounts are due within one year.

The principal purpose of these interfunds is to fund cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

##### *Transfers*

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 150,000	To cover debt service costs.
Capital Projects Fund - Equipment Acquisition fund	Special Revenue Fund - Park Fund	35,000	To cover capital costs.
Capital Projects Fund - Equipment Acquisition fund	General Fund	<u>422,019</u>	To cover capital costs.
Total - Fund Financial Statements		607,019	
Less: Fund eliminations		<u>(607,019)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 12,371,968	\$ -	\$ 1,535,437	\$ 10,836,531	\$ 1,488,588
Village of Sussex contracts payable	1,119,549	-	99,714	1,019,835	102,254
(Discounts)/Premiums	276,509	-	30,723	245,786	-
Sub-totals	<u>13,768,026</u>	<u>-</u>	<u>1,665,874</u>	<u>12,102,152</u>	<u>1,590,842</u>
Other Liabilities					
Accumulated sick and vacation pay	127,792	99,373	87,678	139,487	87,678
Capital leases	3,160	-	3,160	-	-
Other postemployment benefits liability	101,955	149,003	-	250,958	-
Total Other Liabilities	<u>232,907</u>	<u>248,376</u>	<u>90,838</u>	<u>390,445</u>	<u>87,678</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,000,933</u>	<u>\$ 248,376</u>	<u>\$ 1,756,712</u>	<u>\$ 12,492,597</u>	<u>\$ 1,678,520</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the town may not exceed 5% of the equalized value of taxable property within the town's jurisdiction. The debt limit as of December 31, 2018, was \$62,070,885. Total general obligation debt outstanding at year end was \$10,836,531.

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the town. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
General obligation debt	05/15/09	05/15/19	3.38%	\$ 470,000	\$ 47,000
General obligation debt	07/01/10	07/01/20	3.05	550,000	110,000
General obligation debt	08/01/11	08/01/21	3.15	650,000	195,000
General obligation debt	08/15/12	08/15/22	2.00	594,250	237,700
General obligation debt	08/01/13	08/01/23	2.00	567,000	283,500
General obligation debt	03/01/14	03/01/24	2.90	539,250	323,550
General obligation debt	12/11/14	03/15/21	.5 - 1.9	2,115,000	810,000
General obligation debt	01/01/15	02/15/22	0.00	23,304	11,597
General obligation debt	07/07/16	03/01/26	2.00	8,060,000	7,260,000
General obligation debt	07/26/16	3/15/36	3.50	1,700,000	1,558,184
Total Governmental Activities - General Obligation Debt					<u>\$ 10,836,531</u>



# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *General Obligation Debt* (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2019	\$ 1,488,588	\$ 232,665
2020	1,493,672	201,147
2021	1,481,115	168,484
2022	1,143,500	139,538
2023	1,098,631	115,011
2024-2028	3,318,898	273,125
2029-2033	481,148	109,659
2034-2036	330,979	23,449
Totals	<u>\$ 10,836,531</u>	<u>\$ 1,263,078</u>

##### *Village of Sussex contracts payable*

Village of Sussex contracts payable at December 31, 2018 consist of the following:

#### **Governmental Activities**

Village of Sussex contracts payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	<u>\$ 1,019,835</u>
Total Governmental Activities Village of Sussex contracts payable					<u>\$ 1,019,835</u>

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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#### ***F. LONG-TERM OBLIGATIONS*** (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Village of Sussex contracts payable	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 102,254	\$ 24,673
2020	104,858	22,035
2021	107,529	19,331
2022	110,267	16,557
2023	113,076	13,713
2024-2027	<u>481,851</u>	<u>24,931</u>
Totals	<u>\$ 1,019,835</u>	<u>\$ 121,240</u>

#### ***Other Debt Information***

Estimated payments of accumulated sick and vacation pay and the other post employment benefits liability are not included in the debt service requirement schedules. The accumulated sick and vacation pay and the other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

#### ***G. NET POSITION/FUND BALANCES***

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

#### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 558,240
Other capital assets, net of accumulated depreciation/amortization	19,236,014
Less: Long-term debt outstanding	(10,836,531)
Plus: Unspent capital related debt proceeds	1,230,782
Plus: Unamortized charge on refunding	34,558
Less: Unamortized debt premium	<u>(245,786)</u>
Total Net Investment in Capital Assets	<u>\$ 9,977,277</u>

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### G. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	General Fund	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 83,222	\$ -	\$ -	\$ -	\$ 83,222
Delinquent personal property taxes	5,578	-	-	-	5,578
Sub-total	88,800	-	-	-	88,800
<b>Restricted for:</b>					
Debt service	-	21,279	-	-	21,279
Library	-	-	-	10,710	10,710
Park	-	-	-	34,172	34,172
Building	-	-	-	41,654	41,654
Fire operations	-	-	-	123,710	123,710
Sewer study	-	-	-	104,937	104,937
Sub-total	-	21,279	-	315,183	336,462
<b>Committed to:</b>					
Equipment acquisition	-	-	1,230,782	-	1,230,782
Compost	-	-	-	31,048	31,048
Sub-total	-	-	1,230,782	31,048	1,261,830
<b>Assigned to:</b>					
Incorporation	500,000	-	-	-	500,000
Other postemployment benefits	251,000	-	-	-	251,000
Bark River consortium	9,000	-	-	-	9,000
Sub-total	760,000	-	-	-	760,000
<b>Unassigned (deficit):</b>	2,089,208	-	-	(73,168)	2,016,040
<b>Total Fund Balances</b>	<u>\$ 2,938,008</u>	<u>\$ 21,279</u>	<u>\$ 1,230,782</u>	<u>\$ 273,063</u>	<u>\$ 4,463,132</u>

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION

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##### ***A. EMPLOYEES' RETIREMENT SYSTEM***

***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 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>.

***Vesting.*** 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.

***Benefits provided.*** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
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	4.0

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 reporting period, the WRS recognized \$70,191 in contributions from the town.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

##### ***Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2018, the town reported an asset of \$208,370 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The town's proportion of the net pension asset was based on the town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the town's proportion was 0.00701800%, which was an increase of 0.00016596% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the town recognized pension expense of \$101,270.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### **NOTE V - OTHER INFORMATION** (cont.)

#### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,739	\$ 123,836
Changes in assumptions	41,169	-
Net differences between projected and actual earnings on pension plan investments	-	286,386
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,398	4,109
Employer contributions subsequent to the measurement date	<u>75,349</u>	<u>-</u>
Totals	<u>\$ 383,655</u>	<u>\$ 414,331</u>

\$75,349 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 22,905
2020	(2,044)
2021	(72,479)
2022	(54,899)
2023	492

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.



# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Town's proportionate share of the net pension asset	\$ (539,125)	\$208,370	\$776,490

***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>.

At December 31, 2018, the town reported a payable to the pension plan of \$11,353, which represents contractually required contributions outstanding as of the end of the year.

##### **B. RISK MANAGEMENT**

The town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

##### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the town attorney 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.

##### **D. OTHER POSTEMPLOYMENT BENEFITS**

The town administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The plan provides health insurance benefits for eligible retirees and their spouses through the town's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the town board.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### *D. OTHER POSTEMPLOYMENT BENEFITS (cont.)*

##### *GENERAL INFORMATION ABOUT THE OPEB PLAN*

**Plan description.** The town's defined benefit OPEB plan, provides OPEB for all permanent full-time employees hired prior to January 1, 2000 upon retirement and that are eligible for WRS. The OPEB plan is a single-employer defined benefit OPEB plan administered by the town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits provided.** The town provides healthcare insurance benefits for retirees. The benefit terms provide for payment of 75 percent of health insurance premiums for retirees.

**Employees covered by benefit terms.** At December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	11
	<u>12</u>

##### *TOTAL OPEB LIABILITY*

The town's total OPEB liability of \$250,958 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	Range from 3.5% in service year 1 to .4% in service year 30 for general and 4.8% in service year 1 to .5% in service year 30 for protective
Healthcare cost trend rates	Range from -1.29% in year one to 5.0% in years 18 and over

The discount rate was based on the municipal bond rate.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

# TOWN OF LISBON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

#### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-2014.

#### CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2017	\$ 101,955
Changes for the year:	
Service cost	7,120
Interest	8,396
Prior year activity	135,283
Benefit payments	(1,796)
Net changes	149,003
Balances at December 31, 2018	\$ 250,958

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the town, as well as what the town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	\$ 263,672	\$ 250,958	\$ 238,632

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the town, as well as what the town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ((2.3) percent decreasing to 4.0 percent) or 1-percentage-point higher ((0.3) percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease ((2.3)% Decreasing to 4.0%)	Healthcare Cost Trend Rates ((1.3)% Decreasing to 5.0%)	1% Increase ((0.3)% Decreasing to 6.0%)
Total OPEB liability	\$ 234,420	\$ 250,958	\$ 269,017

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE V - OTHER INFORMATION (cont.)

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##### ***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

##### ***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB***

For the year ended December 31, 2018, the town recognized OPEB expense of \$15,516. At December 31, 2018, the town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to measurement date	\$ 10,255
Total	<u>\$ 10,255</u>

\$10,255 reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will be recognized in OPEB expense in the year ended December 31, 2019.

##### ***E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

## TOWN OF LISBON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### **NOTE V - OTHER INFORMATION** (cont.)

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##### ***F. CAPACITY ENTITLEMENTS***

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the town. The town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the town were \$764,716. In 2009, upgrades and expansion to the wastewater facility were completed. The costs allocated to the town for this project were \$1,912,595. The capacity entitlements asset represents the capacity rights the town as purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2018, accumulated amortization was \$1,576,414.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF LISBON

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 2,720,637	\$ 2,721,276	\$ 639
Intergovernmental revenues	453,989	481,502	27,513
Regulation and compliance	412,808	538,280	125,472
Public charges for services	1,336,509	1,536,717	200,208
Intergovernmental charges for services	51,408	33,321	(18,087)
Investment income	5,000	58,800	53,800
Miscellaneous	53,900	233,667	179,767
Total Revenues	<u>5,034,251</u>	<u>5,603,563</u>	<u>569,312</u>
<b>EXPENDITURES</b>			
Current			
General government	807,294	968,747	(161,453)
Public safety	1,913,046	1,845,219	67,827
Public works	1,312,991	934,287	378,704
Sanitation	820,195	768,759	51,436
Culture and recreation	179,009	173,186	5,823
Debt Service			
Principal	1,716	3,159	(1,443)
Interest	-	-	-
Total Expenditures	<u>5,034,251</u>	<u>4,693,357</u>	<u>340,894</u>
Excess of revenues over (under) expenditures	-	910,206	910,206
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	-	53,875	53,875
Transfer out	-	(572,019)	(572,019)
Total other financing sources	-	<u>(518,144)</u>	<u>(518,144)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>392,062</u>	<u>\$ 392,062</u>
FUND BALANCE - Beginning of Year		<u>2,545,946</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u><u>\$ 2,938,008</u></u>	

See independent auditors' report and accompanying notes to required supplementary information.



## TOWN OF LISBON

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/15	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/16	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/17	0.007018000%	(208,370)	900,604	23.14%	102.93%

## TOWN OF LISBON

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Town's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 69,036	\$ (69,036)	\$ -	\$ 917,335	7.53%
12/31/16	66,397	(66,397)	-	902,432	7.36%
12/31/17	70,893	(70,893)	-	907,525	7.81%
12/31/18	75,349	(75,349)	-	900,683	8.37%

See independent auditors' report and accompanying notes  
to required supplementary information.

## TOWN OF LISBON

### SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - OTHER POSTEMPLOYMENT BENEFITS OBLIGATION - TOWN RETIREE BENEFITS PLAN For the Year Ended December 31, 2018

	2018
Total OPEB Liability	
Service cost	\$ 7,120
Interest	8,396
Prior year activity	135,283
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(1,796)
Net Change in Total OPEB Liability	149,003
Total OPEB Liability - Beginning	101,955
Total OPEB Liability - Ending	<u>\$ 250,958</u>
 Covered-employee payroll	 \$ 287,430
 Total OPEB liability as a percentage of covered-employee payroll	 87.31%

*Note: This schedule is to show information for 10 years.  
However, until a full 10-year trend is compiled, governments should present information for those years  
for which information is available.*

## TOWN OF LISBON

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS OBLIGATION - TOWN RETIREE BENEFITS PLAN For the Year Ended December 31, 2018

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	2018
Actuarially determined contribution	\$ -
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 287,430
Contributions as a percentage of covered-employee payroll	0.00%

*Note: This schedule is to show information for 10 years.  
However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*

# **TOWN OF LISBON**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION** **For the Year Ended December 31, 2018**

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

The budget amounts presented are as presented in the original budget and no amendments were adopted during the year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

### ***TOWN OTHER POST EMPLOYMENT BENEFITS***

The town is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for town.

*Changes in Assumptions.* There were no changes in assumptions.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF LISBON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Special Revenue Funds					Capital Projects Funds		
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	Total Nonmajor Funds
<b>ASSETS</b>								
Cash and investments	\$ 10,710	\$ 34,172	\$ 41,654	\$ 123,710	\$ 36,725	\$ -	\$ 104,937	\$ 351,908
Accounts receivable	-	-	-	-	1,912	-	-	1,912
<b>TOTAL ASSETS</b>	<u>\$ 10,710</u>	<u>\$ 34,172</u>	<u>\$ 41,654</u>	<u>\$ 123,710</u>	<u>\$ 38,637</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 353,820</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	-	-	-	-	5,751	-	-	5,751
Due to other funds	-	-	-	-	1,838	73,168	-	75,006
Total Liabilities	-	-	-	-	7,589	73,168	-	80,757
Fund Balances (Deficits)								
Restricted	10,710	34,172	41,654	123,710	-	-	104,937	315,183
Committed	-	-	-	-	31,048	-	-	31,048
Unassigned (deficits)	-	-	-	-	-	(73,168)	-	(73,168)
Total Fund Balances (Deficits)	<u>10,710</u>	<u>34,172</u>	<u>41,654</u>	<u>123,710</u>	<u>31,048</u>	<u>(73,168)</u>	<u>104,937</u>	<u>273,063</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 10,710</u>	<u>\$ 34,172</u>	<u>\$ 41,654</u>	<u>\$ 123,710</u>	<u>\$ 38,637</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 353,820</u>

# TOWN OF LISBON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds					Capital Projects Funds		
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	Total Nonmajor Funds
<b>REVENUES</b>								
Public charges for services	\$ -	\$ 1,487	\$ 3,830	\$ -	\$ -	\$ -	\$ -	\$ 5,317
Intergovernmental charges for services	-	-	-	-	37,061	-	-	37,061
Investment income	-	-	-	779	-	-	-	779
Miscellaneous	-	4,745	-	-	-	-	-	4,745
Total Revenues	-	6,232	3,830	779	37,061	-	-	47,902
<b>EXPENDITURES</b>								
Current								
Public works	-	-	-	-	33,171	-	-	33,171
Culture and recreation	-	6,250	-	-	-	-	-	6,250
Conservation and development	-	-	-	-	-	73,168	-	73,168
Total Expenditures	-	6,250	-	-	33,171	73,168	-	112,589
Excess (deficiency) of revenues over expenditures	-	(18)	3,830	779	3,890	(73,168)	-	(64,687)
<b>OTHER FINANCING SOURCES</b>								
Transfers out	-	(35,000)	-	-	-	-	-	(35,000)
Total Other Financing Sources	-	(35,000)	-	-	-	-	-	(35,000)
Net Changes in Fund Balance	-	(35,018)	3,830	779	3,890	(73,168)	-	(99,687)
FUND BALANCE - Beginning of Year	10,710	69,190	37,824	122,931	27,158	-	104,937	372,750
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 10,710</b>	<b>\$ 34,172</b>	<b>\$ 41,654</b>	<b>\$ 123,710</b>	<b>\$ 31,048</b>	<b>\$ (73,168)</b>	<b>\$ 104,937</b>	<b>\$ 273,063</b>



**Waukesha County, Wisconsin**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2017**



**TOWN OF LISBON**  
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**December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Town Board  
Town of Lisbon  
Waukesha County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of and for the year ended December 31, 2017, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's 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. 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 auditor's 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 entity'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 entity'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 financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As noted in Note 8 to the financial statements, beginning net position of the governmental activities was increased by \$50,606. The increase was a result of an increase in capital assets of \$226,903 for assets written off the financial statements in prior years in error and an increase in accumulated depreciation of \$176,297 for depreciation not recognized in prior years.

### ***Other Matters***

#### ***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



*Report on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon, Wisconsin's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin  
June 12, 2018

**Town of Lisbon**  
**Statement of Net Position**  
**December 31, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,770,470	\$ 182,136	\$ 5,952,606
Taxes Receivable	4,880,178	224,718	5,104,896
Accounts Receivable, Net	428,443	-	428,443
Prepaid Expenses	87,938	-	87,938
Total Current Assets	<u>11,167,029</u>	<u>406,854</u>	<u>11,573,883</u>
Capital Assets:			
Capital Assets	37,044,495	798,527	37,843,022
Less: Accumulated Depreciation	<u>(17,651,240)</u>	<u>(32,907)</u>	<u>(17,684,147)</u>
Net Capital Assets	<u>19,393,255</u>	<u>765,620</u>	<u>20,158,875</u>
Other Assets:			
Land Held for Resale	1,709,545	-	1,709,545
Capacity Entitlements - net of amortization	<u>1,211,364</u>	<u>-</u>	<u>1,211,364</u>
Total Other Assets	<u>2,920,909</u>	<u>-</u>	<u>2,920,909</u>
Total Assets	<u>33,481,193</u>	<u>1,172,474</u>	<u>34,653,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	443,007	-	443,007
Deferred Loss on Advance Refunding	<u>46,078</u>	<u>-</u>	<u>46,078</u>
Total Deferred Outflows of Resources	<u>489,085</u>	<u>-</u>	<u>489,085</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 33,970,278</u>	<u>\$ 1,172,474</u>	<u>\$ 35,142,752</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 273,261	\$ 198	\$ 273,459
Deposits Payable	195,584	-	195,584
Accrued Interest	121,053	-	121,053
Current Portion of Long-term Obligations	<u>1,750,957</u>	<u>-</u>	<u>1,750,957</u>
Total Current Liabilities	<u>2,340,855</u>	<u>198</u>	<u>2,341,053</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long term Obligations	12,148,021	-	12,148,021
OPEB Liability	101,955	-	101,955
Net Pension Liability	<u>56,447</u>	<u>-</u>	<u>56,447</u>
Total Noncurrent Liabilities	<u>12,306,423</u>	<u>-</u>	<u>12,306,423</u>
Total Liabilities	<u>14,647,278</u>	<u>198</u>	<u>14,647,476</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	178,703	-	178,703
Deferred Tax Levy	<u>4,873,772</u>	<u>224,718</u>	<u>5,098,490</u>
Total Deferred Inflows of Resources	<u>5,052,475</u>	<u>224,718</u>	<u>5,277,193</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,262,651	765,620	9,028,271
Unrestricted	<u>6,007,874</u>	<u>181,938</u>	<u>6,189,812</u>
Total Net Position	<u>14,270,525</u>	<u>947,558</u>	<u>15,218,083</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 33,970,278</u>	<u>\$ 1,172,474</u>	<u>\$ 35,142,752</u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Activities
<b>Governmental Activities</b>						
General Government	\$ 983,998	\$ 65,148	\$ 120,539	\$ -	\$ (798,311)	\$ (798,311)
Public Safety	1,884,785	975,792	54,067	-	(854,926)	(854,926)
Public Works	2,074,190	77,776	277,291	-	(1,719,123)	(1,719,123)
Sanitation	749,733	815,735	-	-	66,002	66,002
Recreation and Education	138,797	11,323	1,397	-	(126,077)	(126,077)
Interest and Fiscal Charges	328,744	-	-	-	(328,744)	(328,744)
Total Governmental Activities	6,160,247	1,945,774	453,294	-	(3,761,179)	(3,761,179)
<b>Business-type Activities</b>						
Storm Water	152,943	234,870	-	913	-	82,840
Total Business-type Activities	152,943	234,870	-	913	-	82,840
Total Government	\$ 6,313,190	\$ 2,180,644	\$ 453,294	\$ 913	(3,761,179)	(3,678,339)
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, levied for general purposes					2,502,731	2,502,731
Property Taxes, levied for debt service					1,351,120	1,351,120
Other Taxes					85,379	85,379
Interest and Investment Earnings					53,412	53,412
Miscellaneous					33,484	33,484
Transfers					12,200	(12,200)
Total General Revenues and Transfers					4,038,326	4,026,126
Special item - loss on disposal of asset					(551,571)	(551,571)
Change in Net Position					(274,424)	(203,784)
Net Position, beginning, as previously reported					14,494,343	15,371,261
Prior Period Adjustment - See Note 8					50,606	50,606
Net Position, beginning of year					14,544,949	15,421,867
Net Position, end of year					\$ 14,270,525	\$ 15,218,083

See accompanying notes to the basic financial statements.

**Town of Lisbon  
Balance Sheet  
Governmental Funds  
December 31, 2017**

ASSETS	General Fund	Capital Projects - Equipment Acquisition	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 2,511,153	\$ 2,519,828	\$ 366,737	\$ 372,750	\$ 5,770,468
Receivables:					
Taxes	3,444,188	-	1,429,585	-	4,873,773
Delinquent Personal Property Taxes	6,405	-	-	-	6,405
Accounts, Net	398,201	30,242	-	-	428,443
Prepaid Expenses	87,938	-	-	-	87,938
Total Assets	<u>\$ 6,447,885</u>	<u>\$ 2,550,070</u>	<u>\$ 1,796,322</u>	<u>\$ 372,750</u>	<u>\$ 11,167,027</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Liabilities:	\$ 262,168	\$ 11,092	\$ -	\$ -	\$ 273,260
Accounts Payable	195,584	-	-	-	195,584
Deposits Payable	457,752	11,092	-	-	468,844
Total Liabilities					
Deferred Inflows of Resources:					
Deferred Tax Levy	3,444,187	-	1,429,585	-	4,873,772
Total Deferred Inflows of Resources	<u>3,444,187</u>	<u>-</u>	<u>1,429,585</u>	<u>-</u>	<u>4,873,772</u>
Fund Balances:					
Nonspendable	94,343	-	-	-	94,343
Restricted	13,500	-	366,737	333,661	713,898
Committed	-	-	-	27,158	27,158
Assigned	132,138	2,538,978	-	11,931	2,683,047
Unassigned	2,305,965	-	-	-	2,305,965
Total Fund Balances	<u>2,545,946</u>	<u>2,538,978</u>	<u>366,737</u>	<u>372,750</u>	<u>5,824,411</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,447,885</u>	<u>\$ 2,550,070</u>	<u>\$ 1,796,322</u>	<u>\$ 372,750</u>	<u>\$ 11,167,027</u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position**  
**December 31, 2017**

Total fund balances, governmental funds \$ 5,824,411

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources	443,007	
Deferred inflows of resources	(178,703)	
	264,304	264,304

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:

Governmental capital assets	37,044,495	
Governmental accumulated depreciation	(17,651,240)	
	19,393,255	19,393,255

Other assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:

Capacity Entitlements	2,677,311	
Accumulated amortization	(1,465,947)	
Land held for resale	1,709,545	
	2,920,909	2,920,909

The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements. (56,447)

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the funds balance sheet are:

General obligation debt	(12,371,968)	
Premium on general obligation debt	(276,509)	
Contracts payable	(1,122,709)	
Loss on advanced refunding	46,078	
Accrued vacation and sick	(127,792)	
OPEB liability	(101,955)	
Accrued interest	(121,053)	
Rounding	1	
	(14,075,907)	(14,075,907)

Net Position of Governmental Activities in the Statement of Net Position	\$ 14,270,525
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See accompanying notes to the basic financial statements.



**Town of Lisbon**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	General Fund	Capital Projects - Equipment Acquisition	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 2,502,731	\$ -	\$ 1,351,120	\$ -	\$ 3,853,851
Other Taxes	85,379	-	-	-	85,379
Intergovernmental	426,755	-	-	-	426,755
License and Permits	464,102	-	-	-	464,102
Fines, Forfeits and Penalties	57,991	-	-	-	57,991
Intergovernmental Charges for Services	79,743	51,395	-	20,301	151,439
Public Charges for Services	1,302,459	-	-	17,268	1,319,727
Interest Income	23,728	29,340	-	345	53,413
Donations	-	-	-	382	382
Miscellaneous Income	75,720	-	-	15,429	91,149
Total Revenues	<u>5,018,608</u>	<u>80,735</u>	<u>1,351,120</u>	<u>53,725</u>	<u>6,504,188</u>
<b>EXPENDITURES</b>					
Current:					
General Government	932,912	-	-	-	932,912
Public Safety	1,662,603	-	-	-	1,662,603
Public Works	912,981	-	-	31,118	944,099
Sanitation	749,733	-	-	-	749,733
Culture, Recreation, and Education	158,244	-	-	3,905	162,149
Capital Outlay	-	3,335,359	-	-	3,335,359
Debt Service					
Principal	-	-	1,211,543	-	1,211,543
Interest	-	-	327,475	-	327,475
Total Expenditures	<u>4,416,473</u>	<u>3,335,359</u>	<u>1,539,018</u>	<u>35,023</u>	<u>9,325,873</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>602,135</u>	<u>(3,254,624)</u>	<u>(187,898)</u>	<u>18,702</u>	<u>(2,821,685)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	22,682	614,109	-	-	636,791
Transfers Out	(569,469)	-	-	(55,122)	(624,591)
Total Other Financing Sources and Uses	<u>(546,787)</u>	<u>614,109</u>	<u>-</u>	<u>(55,122)</u>	<u>12,200</u>
Net Change in Fund Balances	55,348	(2,640,515)	(187,898)	(36,420)	(2,809,485)
Fund Balances - Beginning	2,490,598	5,179,493	554,635	409,170	8,633,896
Fund Balances - Ending	<u>\$ 2,545,946</u>	<u>\$ 2,538,978</u>	<u>\$ 366,737</u>	<u>\$ 372,750</u>	<u>\$ 5,824,411</u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**For the Year Ended December 31, 2017**

Net change in fund balances - total governmental funds: \$ (2,809,485)

Amounts reported for Governmental Activities in the Statement of Activities  
are different because:

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and these are not reported as expenditures in  
governmental funds:

Compensated absences recorded when paid in governmental funds	(1,256)
Other post employment benefits recorded when paid in governmental funds	(10,558)

In the Statement of Activities, only the gain/loss on the disposal of capital assets is reported,  
whereas in the governmental funds there is no use of financial resources. As a result,  
the change in net position differs from the change in fund balance by the net book value  
of the disposed capital assets. (553,771)

The acquisition of capital assets are reported in the governmental funds as  
expenditures. However, for governmental activities those costs are shown in  
the Statement of Net Position and allocated over their estimated useful lives  
as annual depreciation expenses in the Statement of Activities.

Capital outlay reported in governmental fund statements	3,312,545
Depreciation/Amortization expenses reported in the Statement of Activities	<u>(1,363,613)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period	1,948,932

Repayment of principal on long-term debt is reported in the governmental funds  
as an expenditure, but is reported as a reduction in long-term debt in the  
Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year	<u>1,214,702</u>
The decrease (increase) in long-term debt	1,214,702

In governmental funds, interest payments on outstanding debt are reported  
as an expenditure when paid. In the Statement of Activities, interest is  
reported as incurred.

Interest paid is greater (less) than interest accrued by	10,250
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Pension expense reported in the governmental funds represents current year required  
contributions into the defined benefit pension plan. Pension expense in the Statement of  
Activities is actuarially determined by the defined benefit pension plan as the difference  
between the net pension asset from the prior year to the current year, with some  
adjustments.

Change in the current year contributions after the measurement date	6,243
Actuarially determined change in net pension asset between years, with adjustments	<u>(79,481)</u>

Change in net position of governmental activities	<u><u>\$ (274,424)</u></u>
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See accompanying notes to the basic financial statements.

**Town of Lisbon  
Statement of Net Position  
Proprietary Fund  
December 31, 2017**

	<b><u>Storm Water</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 182,136
Receivables	
Taxes	224,718
Total Current Assets	<u>406,854</u>
Capital Assets:	
Land and Improvements	530,141
Other Capital Assets	268,386
Less Accumulated Depreciation	<u>(32,907)</u>
Net Capital Assets	<u>765,620</u>
Total Assets	<u>\$ 1,172,474</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 199
Total Current Liabilities	<u>199</u>
Total Liabilities	<u>199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Tax Levy	224,718
Total Deferred Inflows of Resources	<u>224,718</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	765,620
Unrestricted	<u>181,937</u>
Total Net Position	<u>947,557</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,172,474</u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended December 31, 2017**

	<b><u>Storm Water</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 234,870
Total Operating Revenues	<u>234,870</u>
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	144,542
Depreciation	<u>8,402</u>
Total Operating Expenses	<u>152,944</u>
Operating Income (Loss)	<u>81,926</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Capital Grants and Contributions	<u>913</u>
Total Non-Operating Revenue (Expenses)	<u>913</u>
Income (Loss) Before Transfers	<u>82,839</u>
Transfers Out	<u>(12,200)</u>
Change in Net Position	<u>70,639</u>
Total Net Position - Beginning	<u>876,918</u>
Total Net Position - Ending	<u><u>\$ 947,557</u></u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2017**

	<u>Storm Water Utility</u>
Cash Flows From:	
Operating Activities:	
Receipts from customers and users	\$ 234,870
Payments from other funds	(36,561)
Payments to employees	(38,232)
Payments to suppliers	(115,054)
Net cash - operating activities	<u>45,023</u>
Capital and Related Financing Activities	
Capital grants and contributions	172,650
Acquisition and construction of plant assets	(23,337)
Transfer out	(12,200)
Net cash - capital and related financing activities	<u>137,113</u>
Net change in cash and cash equivalents	182,136
Cash and cash equivalents-Beginning of year	<u>-</u>
Cash and cash equivalents-End of year	<u>\$ 182,136</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 81,926
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	8,402
Changes in assets and liabilities:	
Taxes receivable	6,664
Accounts payable	(8,744)
Due to other funds	(36,561)
Deferred tax levy	(6,664)
Net cash provided (used) by operating activities	<u>\$ 45,023</u>

See accompanying notes to the basic financial statements.

**Town of Lisbon**  
**Statement of Net Position**  
**Fiduciary Fund**  
**December 31, 2017**

	<u>Tax Agency</u>
ASSETS	
Cash and Investments	\$ 11,311,706
Property Taxes Receivable	<u>2,575,872</u>
Total Assets	<u><u>\$ 13,887,578</u></u>
LIABILITIES	
Due to Other Governments	<u>\$ 13,887,578</u>
Total Liabilities	<u><u>\$ 13,887,578</u></u>

See accompanying notes to the basic financial statements.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying summary of the Town of Lisbon's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements. The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to municipalities. A summary of the significant accounting policies follows:

**REPORTING ENTITY**

This report includes all of the funds of the Town of Lisbon. The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Town of Lisbon is a municipal corporation governed by an elected five-member board. The Town has no component units which must be included in the reporting entity because of the significance of their operational or financial relationships with the Town.

Certain other significant governmental entities providing services within the Town are administered by separate boards or commissions and are not accountable to the Town. Consequently, financial information for the following entities is not included within the scope of the Town's reporting entity and are not included in the Town's financial statements:

- Town of Lisbon Sanitary District No. 1
- Lannon Interceptor
- Hamilton School District
- Arrowhead Union High School
- Richmond School District
- Merton Joint School District No. 9
- Lake County Municipal Court

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

“Government-wide” financial statements are basic financial statements required for all governmental units. The statement of net position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Town used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses.



**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements, continued**

Funds are reported as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

The Town reports the following major governmental funds:

General Fund – accounts for the Town’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt.

Capital Projects – Equipment Acquisition Fund – accounts for proceeds from long-term borrowings and other resources to be used for capital improvement projects.

The Town reports the following non-major governmental funds:

**Non-Major Governmental Funds**

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Building Fund  
Park Fund  
Library Fund  
Fire Operations Fund  
Compost Fund

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Sewer Study Fund

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements, continued**

The Town reports the following major proprietary fund:

*Enterprise Funds* - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following is the enterprise fund used by the Town:

Storm Water Utility District

In addition, the Town reports the following fund type:

*Fiduciary Funds* - Agency funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Tax Collection Agency Fund is accounted for in the Agency Fund.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as due to other taxing units on the accompanying agency fund statement of net position.

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due to County	July 31, 2018
Tax settlement with County:	
Initial settlement	January 15, 2018
Second settlement	February 20, 2018
Final settlement	August 15, 2018
Personal property taxes in full	January 31, 2018
Tax deed by County - 2017	
delinquent real estate taxes	October 2020

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements (Continued)**

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Town reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the balance for deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is user charges for storm water runoff. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Unbilled receivables are not recorded, as the amount is not material.

Fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. B.

The Town adopted annual Governmental Fund budgets for the General Fund, Debt Service Fund and certain Capital Projects Funds. These budgets are adopted in accordance with State Statutes and are presented in accordance with accounting principles generally accepted in the United States of America. The budgetary data presented in the Budgetary Comparison Schedules reflects the original approved budgets of the above funds and subsequent revisions authorized by the Town's Board. Changes to the overall budget must be approved by a two-thirds town board action. All annual appropriations lapse at year end. Budget control is exercised at the total fund level for all funds. The Town does not adopt a budget for the Special Revenue Funds.

**D. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2017 all investments held by the enterprise fund were cash equivalents.

**E. RECEIVABLES**

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

A provision for uncollectible ambulance accounts receivable of \$132,652 has been made as of December 31, 2017.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. INVENTORIES AND PREPAID ITEMS**

Inventories of materials and supplies are not recognized when amount is not considered material.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. CAPITAL ASSETS**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 5 years for general capital assets and 5 years for infrastructure assets. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**H. LAND HELD FOR RESALE**

The government-wide financial statements include land held for resale. This represents the original cost of land purchased by the Town and held for resale to a developer.

**I. COMPENSATED ABSENCES**

A liability for vacation or sick leave is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources. Benefits are subject to negotiation between the Town and the association representing the Highway Department employees and Town Hall employees. All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. COMPENSATED ABSENCES (Continued)**

The following is the Town's policy for vacation and sick pay:

Vacation pay - The Town's policy allows full-time and represented part-time employees at the Town Hall to earn varying amounts of vacation pay each year depending on the total number of years employed. Employees are allowed to carry over up to 2 weeks of unused vacation from year to year.

Sick pay - Through 2011, the Town's policy allowed full-time employees to earn sick leave at the rate of one day per month. Employees retiring or terminating employment before fifteen years of full-time service to the Town are paid a varying percent (between 50% and 100% depending on years of service) of accumulated sick leave at current pay rates. Employees retiring or terminating after 15 years or more are paid out at 100%. Starting in 2012, employees will earn sick leave at the rate of 1 day per two months. Twenty-five percent of the sick time earned in 2012 and going forward will be paid out upon resignation/retirement.

**J. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**K. LONG-TERM OBLIGATIONS**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and contracts payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures.

**Post-Employment Benefits**

The Town provides certain health care benefits upon retirement for Public Works employees hired prior to 2000. If an employee has completed 25 years of full-time service and is at least 62 years of age, they are entitled to 3 years of health insurance. If an employee has completed 30 years of full-time service and is at least 60 years of age, they are entitled to 5 years of health insurance.

Net other post-employment benefit obligations – The Town follows GASB Statement No. 45 "*Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*". This pronouncement requires the Town to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at year-end. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2009. The Town has not retroactively reported the liability.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. LONG-TERM OBLIGATIONS (Continued)**

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expense in the year in which the costs were incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs are reported as a debt service expenditure in the year in which the costs were incurred.

**L. CLAIMS AND JUDGMENTS**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**M. EQUITY CLASSIFICATIONS**

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position – Consists of net position with constraints placed on their use either 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.
- c) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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 LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. EQUITY CLASSIFICATIONS (Continued)**

**Fund Statements**

The Town follows GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the Town's financial statements have changed as a result of implementing this Statement.

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitations the government imposes upon itself through formal action of the Town Board, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the Town Board or through the Town Board delegating this responsibility to the Town Treasurer through the budgetary process.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The Town would typically use Restricted fund balances first, followed by Committed resources and then Assigned resources, but reserves the right to selectively spend Unassigned resources first and to defer the use of these other classified funds.

See Note 8 for additional information.

**N. PENSIONS**

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**2. DEPOSITS AND INVESTMENTS**

At December 31, 2017, the cash and investments consist of the following:

Deposits in Local Government Investment Pool	\$ 3,185,703
Deposits in Financial Institutions, Interest Bearing Accounts	<u>14,078,609</u>
	<u>\$ 17,264,312</u>

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 5,952,606
Fiduciary Funds:	
Cash and Investments	<u>11,311,706</u>
Total Cash and Investments	<u>\$ 17,264,312</u>

Investment of Town funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Board, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority and the Wisconsin Aerospace Authority.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**2. DEPOSITS AND INVESTMENTS (Continued)**

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund investment guidelines.

Investment allocation in the LGIP as of December 31, 2017 was: 89.97% in U.S. Government Securities, 1.52% in Certificates of Deposit and Bankers' Acceptances and 8.51% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Foreign Currency Risk

The Town did not invest in any foreign currency during the year.

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 of fair value losses arising from increasing interest rates.

The LGIP investments have an average maturity of no more than 35 days. Investment maturities as of December 31, 2017 are classified as follows:

Investment Type	Market Value	Less than 6 Months	6 Months to 1 Year	More than 1 Year
Certificates of Deposit	\$ 1,270,705	\$ 1,063,704	\$ 207,001	\$ -
Wisconsin Local Government Investment Pool	3,185,703	3,185,703	-	-
Total	<u>\$ 4,456,408</u>	<u>\$ 4,249,407</u>	<u>\$ 207,001</u>	<u>\$ -</u>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**2. DEPOSITS 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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investments choices.

The Town held investments in the local government investment pool, an external pool which is not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Board does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposits. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

As of December 31, 2017, the Town's deposits with financial institutions in excess of federal depository insurance limits and state deposit guarantees were exposed to custodial credit risk as follows:

Collateralized by bonds/securities held by the pledging financial institution	<u>\$ 11,854,172</u>
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Concentration of Credit Risk

The Town does not have a policy for concentration of credit risk. No Town investment represents 5% or more of the total investments.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**3. CAPITAL ASSETS**

Capital assets transactions for the governmental activities for the year ended December 31, 2017 are summarized below:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<u>Governmental Activities</u>				
Land – non-depreciable	\$ 558,240	\$ -	\$ -	\$ 558,240
Construction Work in Progress – non depreciable	80,591	-	80,591	-
Buildings and improvements	2,824,948	-	-	2,824,948
Equipment and furnishings	* 5,442,235	77,925	123,854	5,396,306
Infrastructure	27,559,664	3,315,211	2,609,874	28,265,001
<b>Total Capital Assets</b>	<b>\$ 36,465,678</b>	<b>\$ 3,393,136</b>	<b>\$ 2,814,319</b>	<b>\$ 37,044,495</b>
<u>Accumulated Depreciation</u>				
Buildings and improvements	\$ 945,691	\$ 39,166	\$ -	\$ 984,857
Equipment and furnishings	* 2,104,391	323,673	103,938	2,324,126
Infrastructure	15,539,489	878,787	2,076,019	14,342,257
<b>Total Accumulated Depreciation</b>	<b>18,589,571</b>	<b>1,241,626</b>	<b>2,179,957</b>	<b>17,651,240</b>
<b>Capital Assets Net of Depreciation</b>	<b>\$ 17,876,107</b>	<b>\$ 2,151,510</b>	<b>\$ 634,362</b>	<b>\$ 19,393,255</b>

\*Indicates beginning balance was restated. See Note 8 for additional information.

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 50,642
Public safety	148,462
Public works	1,020,604
Culture and Recreation	21,918
<b>Total governmental activities depreciation expense</b>	<b>\$ 1,241,626</b>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**3. CAPITAL ASSETS (Continued)**

Capital asset transactions in the business-type activities for the year ended December 31, 2017 are summarized below:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<u>Storm Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land and land rights	530,141	-	-	530,141
Total Capital Assets Not Being Depreciated	530,141	-	-	530,141
Capital assets being depreciated				
Plant	245,049	23,337	-	268,386
Total Capital Assets Being Depreciated	245,049	23,337	-	268,386
Total Capital Assets	775,190	23,337	-	798,527
Less: Accumulated depreciation	(24,505)	(8,402)	-	(32,907)
Net Storm Water Plant	\$ 750,685	\$ 14,935	\$ -	\$ 765,620

**4. CAPACITY ENTITLEMENTS**

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the Town. The Town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the Town were \$764,716. In 2009, upgrades and expansion to the wastewater treatment facility were completed. The costs allocated to the Town for this project were \$1,912,595. The Capacity Entitlements asset represents the capacity rights the Town has purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2017, accumulated amortization was \$1,465,947.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**5. DEFINED BENEFIT PENSION PLAN**

Defined Benefit Pension Plan

**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>.

**Vesting.** 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.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$69,036 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%



**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**5. DEFINED BENEFIT PENSION PLAN (Continued)**

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

At December 31, 2017, the Town reported a liability (asset) of \$56,447 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability (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, 2016, the Town's proportion was 0.00685204%, which was an increase of .00007821% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$146,510.

At December 31, 2017, 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	\$ 21,535	\$ (177,616)
Changes of assumptions	59,049	-
Net difference between projected and actual earnings on pension plan investments	281,125	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	3,851	(1,087)
Employer contributions subsequent to the measurement date	77,446	-
Total	<u>\$ 443,007</u>	<u>\$ (178,703)</u>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

\$77,446 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2018	\$ 76,079
2019	76,079
2020	51,706
2021	(17,083)
2022	76

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Starting in 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**5. DEFINED BENEFIT PENSION PLAN (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 arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns</b>					
As of December 31, 2016					
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %	
Global Equities	50 %	45 %	8.3 %	5.4 %	
Fixed Income	24.5	37	4.2	1.4	
Inflation Sensitive Assets	15.5	20	4.3	1.5	
Real Estate	8	7	6.5	3.6	
Private Equity/Debt	8	7	9.4	6.5	
Multi-Asset	4	4	6.6	3.7	
Total Core Fund	110	120	7.4	4.5	
Variable Fund Asset Class					
U.S. Equities	70	70	7.6	4.7	
International Equities	30	30	8.5	5.6	
Total Variable Fund	100	100	7.9	5	
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%					
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations					

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**5. DEFINED BENEFIT PENSION PLAN (Continued)**

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 742,993	\$ 56,477	\$ (472,171)

***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. POSTRETIREMENT HEALTH CARE BENEFITS**

Postretirement benefits

From an accrual accounting perspective, the cost of other postemployment benefits ("OPEB"), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future years when it is paid. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2009, the Town recognizes the cost of postemployment healthcare benefits in the year when the employee services are received, report the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan description

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan to all full-time contracted employees who retire after attaining a certain number of years of service based upon position.

Expenditures for postretirement health care benefits are recognized when paid. The calculation of the Actuarial Accrued Liability (AAL) has been done in accordance with the Alternative Measurement Method, as outlined in GASB Statement No. 45. The post-retirement plan does not issue stand-alone financial reports.

Employees participating in the OPEB benefit consisted of the following at January 1, 2017, the date of the latest actuarial valuation.

Retirees	-
Active	4
Number of participating employees	<u>4</u>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**6. POSTRETIREMENT HEALTH CARE BENEFITS (Continued)**

The funded status of the OPEB benefit as of the most recent actuarial valuation date (January 1, 2017) is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
1/1/17	<u>\$0</u>	<u>\$136,738</u>	<u>\$136,738</u>	<u>0%</u>	<u>N/A</u>	<u>N/A</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Measurement date	1/1/2017
Actuarial cost method	Entry Age Cost
Valuation method	Alternative Measurement Method
Amortization method	30 year level dollar
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions*	
Investment rate of return	5.50%
Projected payroll increases	3.3%
Medical care trend	9.5% decreasing by 1.00% each year down to 5.50% then decreasing by 0.50% down to 5.00%

\*implicit in these rates is an assumed rate of inflation of 4.00%

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**6. POSTRETIREMENT HEALTH CARE BENEFITS (Continued)**

The current year employer contribution was as follows:

<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
2017	<u>\$10,558</u>	<u>\$0</u>	<u>0%</u>	<u>\$101,955</u>

**7. LONG-TERM OBLIGATIONS**

The long-term obligations activity for the year ended December 31, 2017 is summarized below:

	<u>Balance Jan. 1, 2017</u>	<u>Additions</u>	<u>Payments/ Adjustments</u>	<u>Balance Dec. 31, 2017</u>	<u>Amounts due within 1 year</u>
General obligation promissory notes	\$ 13,486,273	\$ -	\$ 1,114,305	\$ 12,371,968	\$ 1,635,150
Premium on promissory notes	276,509	-	-	276,509	-
Village of Sussex contracts payable	1,216,786	-	97,237	1,119,549	99,714
Capital Lease	6,319	-	3,159	3,160	3,160
Accumulated sick pay and vacation pay	126,536	1,256	-	127,792	12,933
	<u>\$ 15,112,423</u>	<u>\$ 1,256</u>	<u>\$ 1,214,701</u>	<u>\$ 13,898,978</u>	<u>\$ 1,750,957</u>

For governmental funds, liabilities for accumulated sick and vacation pay have generally been liquidated by the general fund.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**7. LONG-TERM OBLIGATIONS (Continued)**

**A. General Long-Term Debt**

The full faith, credit and resources of the Town have been irrevocably pledged to collateralize all general obligation debt. Details of the general obligation debt payable at December 31, 2017 are as follows:

Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/17	Amount due within 1 year
4/15/2008	3.95%	4/15/09-18	4/15 & 10/15	\$ 790,000	\$ 79,000	\$ 79,000
5/15/2009	3.38%	5/15/10-19	5/15 & 11/15	470,000	94,000	47,000
7/1/2010	3.05%	7/1/11-20	7/1 & 1/1	550,000	165,000	55,000
8/1/2011	3.15%	8/1/12-21	2/1 & 8/1	650,000	260,000	65,000
8/15/2012	2.00%	8/15/13-22	2/15 & 8/15	594,250	297,125	59,425
8/1/2013	2.00%	8/1/14-23	2/1 & 8/1	567,000	340,200	56,700
3/1/2014	2.90%	3/1/15-24	3/1 & 9/1	539,250	377,475	53,925
12/11/2014	5-1.9%	3/1/15-21	3/1 & 9/1	2,115,000	1,065,000	255,000
1/1/2015	0.00%	2/15/15-22	N/A	23,304	14,510	2,913
7/7/2016	2.00%	3/1/18-26	3/1 & 9/1	8,060,000	8,060,000	800,000
7/26/2016	3.50%	3/15/17-36	3/15	1,700,000	1,619,658	61,473
					<u>\$ 12,371,968</u>	<u>\$ 1,535,436</u>

**B. Contracts Payable - Unsecured**

**Village of Sussex - Contracts Payable**

In 2007, the Town entered into an inter-municipal agreement with the Village of Sussex whereby the Town has committed to share in the capital costs of the expansion and upgrade of the Sussex Wastewater Treatment Facility. The Town will receive rights to additional wastewater treatment capacity. At December 31, 2017, the amount of this commitment, which is recorded as a long-term contract payable, is \$1,119,549.

Details related to the contracts payable at December 31, 2017 are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/2017	Amount due within 1 year
Clean Water Fund							
Loans:	2007	2.55%	5/1/09-27	5/1&11/1	\$ 1,912,595	\$ 1,119,549	\$ 99,714
						<u>\$ 1,119,549</u>	<u>\$ 99,714</u>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**7. LONG-TERM OBLIGATIONS (Continued)**

Annual principal and interest payments to maturity on general obligation debt and long-term contracts payable are as follows:

Year	Principal	Interest	Total	Balance Outstanding December 31,
2018	\$ 1,635,150	\$ 289,943	\$ 1,925,093	\$ 11,856,367
2019	1,590,842	257,338	1,848,180	10,265,525
2020	1,598,530	223,182	1,821,712	8,666,995
2021	1,588,644	187,815	1,776,459	7,078,351
2022	1,253,768	156,095	1,409,863	5,824,583
2023-2027	4,925,838	387,431	5,313,269	898,745
2028-2032	464,794	126,013	590,807	433,951
2033-2036	433,951	38,639	472,590	-
	<u>\$ 13,491,517</u>	<u>\$ 1,666,456</u>	<u>\$15,157,973</u>	

**C. Other Long-Term Debt Disclosures**

Section 67.03 of the Wisconsin Statutes restricts the Town's general obligation debt to 5% of the equalized value of all property in the Town. The Town's margin of indebtedness at December 31, 2017 is summarized below:

Equalized valuation - 2017	<u>\$1,192,883,600</u>
Margin of indebtedness:	
5% of equalized valuation	\$ 59,644,180
Less: outstanding general obligation debt	<u>(12,371,968)</u>
Margin of indebtedness	<u>\$ 47,272,212</u>

Interest expenditures on long-term debt during the year were \$327,475.

**D. Advance Refunding**

On December 11, 2014, the Town issued \$2,115,000 of G.O. Refunding Bonds. A portion of the bond proceeds are being used to advance refund \$1,280,000 of the outstanding July 5, 2006 G.O. Refunding Bonds principal and interest payments.

The proceeds related to the advance refunding were transferred to an escrow agent. The proceeds held in escrow will provide for future debt service on the refunded portion of the 2006 bonds. As a result, that portion of the 2006 bonds is considered refunded, and the Town has removed the liability from its accounts. The outstanding principal of the refunded bonds is \$1,280,000. The reacquisition price exceeded the net carrying amount of the old debt by \$80,636. This amount is reported as deferred outflow of resources and amortized over the remaining life of the refunded debt.



**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**7. LONG-TERM OBLIGATIONS (Continued)**

**D. Advance Refunding (Continued)**

The advanced refunding reduced total debt service payments over the next 7 years by \$88,405. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$83,926.

**E. Capital Leases**

In July 2015 the Commission entered into a capital lease for the purchase of election equipment. The asset purchased under the capital lease totaled \$9,478. Total capital lease principal payments for the year ended December 31, 2017 were \$2,913.

Future minimum lease payments are as follows:

2018	\$ 3,160
Total	<u>\$ 3,160</u>

**8. NET POSITION AND GOVERNMENTAL FUND BALANCES**

Net position reported on the government-wide statement of net position as of December 31, 2017 includes the following:

**Governmental Activities:**

Net Investment in Capital Assets	
Capital Assets, Net	\$ 19,393,255
Less: Long-Term Debt	(12,375,128)
Plus: Unspent Debt Proceeds	<u>1,244,524</u>
Total Net Investment in Capital Assets	<u>8,262,651</u>
Unrestricted	<u>6,007,874</u>
Total Governmental Activities Net Position	<u>\$ 14,270,525</u>

**Business-type Activities:**

Capital assets, net	\$ 765,620
Total Net Investment in Capital Assets	<u>765,620</u>
Unrestricted	<u>181,938</u>
Total Governmental Activities Net Position	<u>\$ 947,558</u>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**8. NET POSITION AND GOVERNMENTAL FUND BALANCES (Continued)**

Governmental fund balances reported on the governmental funds balance sheet at December 31, 2017 include the following:

	Major Funds			Non-major Funds	
	General	Capital Projects	Debt Service	Governmental Funds	Total
<b>Nonspendable:</b>					
Delinquent personal property taxes	\$ 6,405	\$ -	\$ -	\$ -	\$ 6,405
Prepaid expenses	87,938	-	-	-	87,938
Total Nonspendable	94,343	-	-	-	94,343
<b>Restricted:</b>					
Wastewater treatment study	-	-	-	104,937	104,937
Library	-	-	-	10,710	10,710
Park - impact fees	-	-	-	22,907	22,907
Park - other	-	-	-	34,352	34,352
Building	-	-	-	37,824	37,824
Fire - impact fees	-	-	-	57,133	57,133
Fire - other	-	-	-	65,798	65,798
Holding tank fund	13,500	-	-	-	13,500
Debt service	-	-	366,737	-	366,737
Total Restricted	13,500	-	366,737	333,661	713,898
<b>Committed:</b>					
Compost	-	-	-	27,158	27,158
Total Committed	-	-	-	27,158	27,158
<b>Assigned:</b>					
Vehicles, equipment, and other	132,138	217,096	-	-	349,234
Buildings	-	244,219	-	-	244,219
Road projects	-	2,077,663	-	-	2,077,663
9/11 memorial	-	-	-	11,931	11,931
Total Assigned	132,138	2,538,978	-	11,931	2,683,047
<b>Unassigned:</b>	2,305,965	-	-	-	2,305,965
<b>Total</b>	<b>\$ 2,545,946</b>	<b>\$ 2,538,978</b>	<b>\$ 366,737</b>	<b>\$ 372,750</b>	<b>\$ 5,824,411</b>

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**8. NET POSITION AND GOVERNMENTAL FUND BALANCES (Continued)**

Net position for the governmental activities on the Statement of Net Position has been restated as follows:

	Governmental Activities
Net Position - As Stated December 31, 2016	\$ 14,494,343
Capital assets written off in error	226,903
Accumulated depreciation adjustment	(176,297)
Net Position - As restated January 1, 2017	<u>\$ 14,544,949</u>

**9. TRANSFERS**

The following is a schedule of interfund transfers for the year ended December 31, 2017:

<u>Fund Transferred To:</u>	<u>Fund Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library	\$ 22,682	Library settlement
Capital Projects	General	107,100	Public safety equipment
Capital Projects	General	311,369	Road paving
Capital Projects	General	51,000	Public works equipment
Capital Projects	General	50,000	Other capital projects
Capital Projects	General	50,000	Buildings
Capital Projects	Park	7,440	Equipment
Capital Projects	Stormwater	12,200	Capital projects
Capital Projects	Building	25,000	Building remodeling
Amount per governmental fund statement		\$ 636,791	
less elimination between governmental funds		(624,591)	
Transfers per government-wide statements		<u>\$ 12,200</u>	

**10. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Town purchases commercial insurance. There has been no reduction in insurance coverage from the coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

**TOWN OF LISBON**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**11. WASTEWATER TREATMENT STUDY**

The Town has completed its wastewater treatment study for two areas of the Town. A facilities plan for each area has been developed to identify the type of the existing wastewater treatment systems, identify problems with the existing systems, evaluate a variety of potential wastewater treatment options and select the most effective and efficient solution to the existing wastewater treatment problems and future treatment needs. These studies were funded by grants from the U.S. Environmental Protection Agency which is administered by the Wisconsin Department of Natural Resources (DNR).

Over the years, the Town has received approximately \$350,000 in grant funds for these studies. At December 31, 2017, the Sewer Study Fund includes approximately \$104,927 of unspent grant funds.

The facilities plan is the first step in a three-step process required to complete wastewater treatment works under the Federal or State grant programs. The second step is preparation of detailed design plans and specifications. The third and final step is construction of the required wastewater treatment facilities.

In August 1987, the Town created the Town of Lisbon Sanitary District No. 1 to assume the responsibilities related to planning area No. 1. At December 31, 2017, the future development of planning area No. 2 was uncertain.

**12. CONTINGENCIES AND COMMITMENTS**

Town is involved in several legal actions and claims, most of which normally occur in governmental operations. These actions and claims are being defended by the Town's various insurance carriers, since claims brought against the Town are generally covered by insurance policies. In the opinion of Town management, these actions, claims and any other proceedings known to exist at December 31, 2017, are not likely to have a material adverse impact on the Town's financial position.

Funding for the operating budget of the Town comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Town. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Town.

**13. SUBSEQUENT EVENTS**

In 2018, the Town approved various equipment purchases. Total costs of the equipment are expected to be approximately \$121,000.

In 2018, the Town approved various road reconstruction projects. Total costs of these projects are expected to be \$1,419,300.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Required Supplementary Information**

**Town of Lisbon  
Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,501,957	\$ 2,501,957	\$ 2,502,731	\$ 774
Other taxes	100,300	100,300	85,379	(14,921)
Intergovernmental	415,512	415,512	426,755	11,243
Licenses, permits and fees	408,233	408,233	464,102	55,869
Fines and forfeits	86,000	86,000	57,991	(28,009)
Public charges for services	1,193,443	1,193,443	1,302,459	109,016
Intergovernmental charges for services	104,600	104,600	79,743	(24,857)
Interest	5,000	5,000	23,728	18,728
Miscellaneous	53,000	53,000	75,720	22,720
Total Revenues	<u>4,868,045</u>	<u>4,868,045</u>	<u>5,018,608</u>	<u>150,563</u>
<b>Expenditures:</b>				
Current				
General government	1,154,721	1,154,721	932,912	221,809
Public safety	1,733,243	1,733,243	1,662,603	70,640
Public works	925,726	925,726	912,981	12,745
Sanitation	746,293	746,293	749,733	(3,440)
Recreation and education	258,062	258,062	158,244	99,818
Total Expenditures	<u>4,818,045</u>	<u>4,818,045</u>	<u>4,416,473</u>	<u>401,572</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>50,000</u>	<u>602,135</u>	<u>552,135</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(546,787)</u>	<u>(496,787)</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(546,787)</u>	<u>(496,787)</u>
Net change in fund balances	-	-	55,348	55,348
Fund balance-Beginning of year	<u>2,490,598</u>	<u>2,490,598</u>	<u>2,490,598</u>	<u>-</u>
Fund balance-End of year	<u>\$ 2,490,598</u>	<u>\$ 2,490,598</u>	<u>\$ 2,545,946</u>	<u>\$ 55,348</u>

# Required Supplementary Information

## Town of Lisbon

### Schedule of Funding Progress and Employer Contributions Other Post Employment Benefits December 31, 2017

#### Other Post Employment Benefits

##### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2015	\$ -	\$ 132,861	\$ 132,861	0.00%	N/A	N/A
1/1/2016	\$ -	\$ 155,332	\$ 155,332	0.00%	N/A	N/A
1/1/2017	\$ -	\$ 136,738	\$ 136,738	0.00%	N/A	N/A

##### Schedule of Employer Contributions

Fiscal Year End	Annual Required Contribution (ARC)	Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
12/31/2015	\$ 9,822	\$ -	0.00%	\$ 79,577
12/31/2016	\$ 11,820	\$ -	0.00%	\$ 91,397
12/31/2017	\$ 10,558	\$ -	0.00%	\$ 101,955

**TOWN OF LISBON**  
**WISCONSIN RETIREMENT SYSTEM**  
**December 31, 2017**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**AS OF THE MEASUREMENT DATE**  
Last 10 Fiscal Years

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.00685204%	\$ 56,477	\$ 902,432	6.26%	99.12%
2015	0.00677383%	110,073	917,335	12.00%	98.20%
2014	0.00675308%	(165,829)	804,079	(20.62%)	102.74%

**SCHEDULE OF TOWN'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED**  
Last 10 Fiscal Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2017	\$ 70,893	(70,893)	\$ -	\$ 907,525	7.81%
2016	66,397	(66,397)	-	902,432	7.36%
2015	69,036	(69,036)	-	917,335	7.53%



**TOWN OF LISBON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2017**

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**1. EXCESS OF GENERAL FUND EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2017, some expenditures exceeded budget. Revenues and other financing sources were available to fund the excess. The Town controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of these items can be found in the Town's year-end budget to actual report.

**2. DEFINED BENEFIT PENSION PLAN**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 8 preceding years.

**Change of Benefit Terms**

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

**Changes of Assumptions**

Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

## **OTHER SUPPLEMENTARY INFORMATION**

**Other Supplementary Information**

**Town of Lisbon  
Budgetary Comparison Schedule - Capital Projects Fund - Equipment Acquisition  
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Charges for services	\$ 51,395	\$ 51,395	\$ 51,395	\$ -
Interest	-	-	29,340	29,340
Total Revenues	-	-	80,735	80,735
Expenditures:				
Current				
Capital outlay	671,109	671,109	3,335,359	(2,664,250)
Total Expenditures	671,109	671,109	3,335,359	(2,664,250)
Excess (deficiency) of revenues over expenditures	(671,109)	(671,109)	(3,254,624)	(2,583,515)
Other Financing Sources (Uses):				
Transfers In	564,109	564,109	614,109	50,000
Total other financing sources(uses)	564,109	564,109	614,109	50,000
Net change in fund balances	(107,000)	(107,000)	(2,640,515)	(2,533,515)
Fund balance-Beginning of year	5,179,493	5,179,493	5,179,493	-
Fund balance-End of year	\$ 5,072,493	\$ 5,072,493	\$ 2,538,978	\$ (2,533,515)

**Other Supplementary Information**

**Town of Lisbon  
Budgetary Comparison Schedule -Debt Service Fund  
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variances with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,351,120	\$ 1,351,120	\$ 1,351,120	\$ -
Total Revenues	<u>1,351,120</u>	<u>1,351,120</u>	<u>1,351,120</u>	<u>-</u>
Expenditures:				
Current				
Debt service	<u>1,536,500</u>	<u>1,536,500</u>	<u>1,539,018</u>	<u>(2,518)</u>
Total Expenditures	<u>1,536,500</u>	<u>1,536,500</u>	<u>1,539,018</u>	<u>(2,518)</u>
Excess (deficiency) of revenues over expenditures	<u>(185,380)</u>	<u>(185,380)</u>	<u>(187,898)</u>	<u>(2,518)</u>
Net change in fund balances	(185,380)	(185,380)	(187,898)	(2,518)
Fund balance-Beginning of year	<u>554,635</u>	<u>554,635</u>	<u>554,635</u>	<u>-</u>
Fund balance-End of year	<u>\$ 369,255</u>	<u>\$ 369,255</u>	<u>\$ 366,737</u>	<u>\$ (2,518)</u>

**Other Supplementary Information**

**Town of Lisbon  
Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2017**

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS	Total Non- Major Governmental Funds
	<u>Library Fund</u>	<u>Park Fund</u>	<u>Building Fund</u>	<u>Fire Operations Fund</u>	<u>Compost Fund</u>	<u>Sewer Study Fund</u>	
ASSETS							
Cash and Investments	\$ 10,710	\$ 69,190	\$ 37,824	\$ 122,931	\$ 27,158	\$ 104,937	\$ 372,750
Total Assets	<u>\$ 10,710</u>	<u>\$ 69,190</u>	<u>\$ 37,824</u>	<u>\$ 122,931</u>	<u>\$ 27,158</u>	<u>\$ 104,937</u>	<u>\$ 372,750</u>
FUND BALANCES							
Restricted	\$ 10,710	\$ 57,259	\$ 37,824	\$ 122,931	\$ -	\$ 104,937	\$ 333,661
Committed	-	-	-	-	27,158	-	27,158
Assigned	-	11,931	-	-	-	-	11,931
Total Fund Balances	<u>10,710</u>	<u>69,190</u>	<u>37,824</u>	<u>122,931</u>	<u>27,158</u>	<u>104,937</u>	<u>372,750</u>
Total Liabilities and Fund Balances	<u>\$ 10,710</u>	<u>\$ 69,190</u>	<u>\$ 37,824</u>	<u>\$ 122,931</u>	<u>\$ 27,158</u>	<u>\$ 104,937</u>	<u>\$ 372,750</u>

Other Supplementary Information

Town of Lisbon  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2017

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS	Total Nonmajor Governmental Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	Sewer Study Fund	
REVENUES							
Public Charges for Services	\$ -	\$ -	\$ 1,890	\$ -	\$ 15,378	\$ -	\$ 17,268
Intergovernmental Charges for Services	-	-	-	-	20,301	-	20,301
Interest Income	-	-	-	345	-	-	345
Donations	-	382	-	-	-	-	382
Miscellaneous Income	10,710	4,719	-	-	-	-	15,429
Total Revenues	<u>10,710</u>	<u>5,101</u>	<u>1,890</u>	<u>345</u>	<u>35,679</u>	<u>-</u>	<u>53,725</u>
EXPENDITURES							
Current:							
Public Works	-	-	-	-	31,118	-	31,118
Culture, Recreation and Education	-	3,905	-	-	-	-	3,905
Total Expenditures	<u>-</u>	<u>3,905</u>	<u>-</u>	<u>-</u>	<u>31,118</u>	<u>-</u>	<u>35,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,710</u>	<u>1,196</u>	<u>1,890</u>	<u>345</u>	<u>4,561</u>	<u>-</u>	<u>18,702</u>
OTHER FINANCING SOURCES (USES)							
Transfers Out	<u>(22,682)</u>	<u>(7,440)</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,122)</u>
Total Other Financing Sources and Uses	<u>(22,682)</u>	<u>(7,440)</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,122)</u>
Net Change in Fund Balances	(11,972)	(6,244)	(23,110)	345	4,561	-	(36,420)
Fund Balances - Beginning	22,682	75,434	60,934	122,586	22,597	104,937	409,170
Fund Balances - Ending	<u>\$ 10,710</u>	<u>\$ 69,190</u>	<u>\$ 37,824</u>	<u>\$ 122,931</u>	<u>\$ 27,158</u>	<u>\$ 104,937</u>	<u>\$ 372,750</u>

**Other Supplementary Information**

**Town of Lisbon  
Comparative Schedule of Property Taxes Levied  
and Assessed and Equalized Valuations**

**2013-2017 Tax Rolls**

	2013	2014	2015	2016	2017
State tax	\$ 172,964	\$ 178,979	\$ 183,583	\$ 197,677	\$ -
County tax	2,186,039	2,496,817	2,514,840	2,651,448	2,644,541
Special District tax	44,000	44,000	44,000	44,000	44,000
Local tax	3,585,266	3,485,266	3,572,616	3,853,079	4,049,921
School tax:					
Local schools	10,742,705	10,543,963	10,705,125	11,029,999	10,746,148
Vocational school	1,340,969	410,378	410,786	429,100	439,646
Total general property tax levy	18,071,943	17,159,403	17,430,950	18,205,303	17,924,256
Special assessments and special charges:					
Noxious weeds	2,389	3,870	1,900	1,600	1,500
Garbage removal	779,022	812,916	801,729	804,935	818,675
Stormwater utility	242,631	229,343	229,820	231,382	224,718
Other	221	226	737	-	-
Delinquent utility charges	13,994	15,268	15,162	17,389	15,799
Total special assessments and special charges	1,038,257	1,061,623	1,049,348	1,055,306	1,060,692
Woodland land taxes	906	1,120	1,120	1,120	1,120
Total tax rolls	\$ 19,111,106	\$ 18,222,146	\$ 18,481,418	\$ 19,261,729	\$ 18,986,068
Assessed valuation	\$ 1,021,284,391	\$ 1,032,535,430	\$ 1,049,102,042	\$ 1,062,244,111	\$ 1,076,970,435
Equalized valuation	\$ 1,019,198,300	\$ 1,054,644,000	\$ 1,081,769,100	\$ 1,164,817,900	\$ 1,192,883,600
Ratio of assessment	100%	98%	97%	91%	90%