

**Town of Rib Mountain
Marathon County, Wisconsin**

ANNUAL FINANCIAL REPORT

December 31, 2018

Town of Rib Mountain Marathon County, Wisconsin

DECEMBER 31, 2018

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Independent auditors' report

To the Town Board
Town of Rib Mountain
Marathon County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rib Mountain, Marathon County, Wisconsin ("the Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 3.G. to the financial statements, the Town adopted new accounting guidance, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Town has restated beginning net position for the cumulative effect of the change in accounting principle. 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 management's discussion and analysis on pages 3 through 9 and the schedules relating to pensions and other postemployment benefits on pages 43 through 44 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wausau, Wisconsin
August 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Rib Mountain Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

As management of the Town of Rib Mountain, Marathon County, Wisconsin, we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year December 31, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources as of December 31, 2018 by \$11,523,795 (*net position*).
- The 2018 property tax rate, collected in 2019, was \$3.85 per \$1,000 of assessed property value, an increase of \$0.12. The assessed value of property within the Town increased from \$734,726,800 for tax year 2017 to \$735,769,300 for tax year 2018, an increase of .14% due to new construction.
- As of December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$4,614,145, an increase of \$1,834,853 in comparison to the prior year. The increase was primarily due to the 2018 borrowing, increased revenue from growth, and increased motel tax revenue.
- As of December 31, 2018, the General Fund's unassigned fund balance is \$1,524,135, approximately 53% of total general fund actual expenditures. An additional \$42,071 is restricted for capital asset purchases, \$206,750 is assigned for subsequent year's capital improvements, retirement expenses and other 2019 budgeted expenditures, and \$207,495 is considered non-spendable for inventories and prepaid items.
- The Town's total general obligation debt increased \$790,000.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Town's assets, liabilities and deferred outflows and inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include General Government, Public Safety, Public Works, Health and Human Services, Culture and Recreation, and Conservation and Development. The Town has no business-type activities.

Town of Rib Mountain Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

The Town's financial reporting includes funds of the Town (the primary government) but also a legally separate entity, the Rib Mountain Community Improvement Foundation, Inc., for which the Town has a fiduciary responsibility. Financial information for this component unit is presented separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, and the General Capital Projects Fund, all of which are considered to be major funds. Data from the remaining five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The non-major governmental funds are the Motel Tax Fund, Parkland Fees Fund, Tourism Commission Fund, Doepke Park Fund, and the Capital Projects Equipment Fund.

The Town adopts an annual appropriated budget for its general, special revenue, debt service, and capital projects funds. As part of the basic governmental fund financial statements, a budgetary comparison statement has been provided for the General Fund and any major special revenue funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 - 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own program. The accounting used for the fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 18 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 - 42 of this report.

Other information. Required supplementary information related to pensions and other postemployment benefits and the combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 46 - 53.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, as of December 31, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,523,795.

TOWN OF RIB MOUNTAIN'S NET POSITION		
	Governmental	Activities
	2018	2017
Current and other assets	\$ 10,264,534	\$ 6,322,329
Capital Assets	13,632,214	14,621,637
Total Assets	23,896,748	20,943,966
Deferred Outflows of Resources	293,340	375,970
Long-term liabilities outstanding	8,408,457	6,379,305
Other liabilities	552,024	1,509,165
Total Liabilities	8,960,481	7,888,470
Deferred Inflows of Resources	3,705,810	3,368,589
Net Position		
Net investment in capital assets	9,155,805	8,964,268
Restricted	2,465,156	1,912,682
Unrestricted (deficit)	(97,166)	(814,073)
Total Net Position	\$ 11,523,795	\$ 10,062,877

79% of the Town's net position, \$9,155,805, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

21% of the Town's net position, \$2,465,156, represents resources that are subject to external restrictions on how they may be used. The remaining net position is *unrestricted net position (deficit)* of (\$97,166).

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Change in net position. A summary of the change in net position of the Town is as follows:

TOWN OF RIB MOUNTAIN'S CHANGE IN NET POSITION		
	Governmental Activities	
	2018	2017
Revenues		
Program Revenues		
Charges for services	\$ 718,358	\$ 600,062
Operating grants and contributions	392,654	355,823
Capital grants and contributions	1,165,996	104,572
General revenues		
Property taxes	2,740,531	2,582,693
Other taxes	455,586	208,931
Grants and contributions not restricted to specific programs	133,488	429,702
Interest and investment earnings	71,735	44,754
Other	8,364	51,129
Total Revenues	5,686,712	4,377,666
Expenses		
General government	750,676	805,541
Public safety	875,681	675,283
Public works	1,856,586	1,674,099
Health and human services	5,137	4,609
Culture and recreation	175,012	200,534
Conservation and development	303,028	184,435
Interest on long-term debt	212,952	160,581
Total Expenses	4,179,072	3,705,082
Change in Net Position	1,507,640	672,584
Net Position - January 1, as originally reported	10,062,877	9,390,293
Cumulative Effect of Change in Accounting Principle	(46,722)	-
Net Position - January 1, as restated	10,016,155	9,390,293
Net Position - December 31	\$ 11,523,795	\$ 10,062,877

A summary of key changes follows:

- Capital grants and contributions increased significantly due to large special assessments, that were assessed for Rib Mountain Drive Phase 2.0, being paid in full.
- With the increase in motel taxes collected, conservation and development expense rose. The payments made to the Wausau Central Wisconsin Convention and Visitors Bureau are based on motel taxes collected.
- Public works expense increased with the completion of Bittersweet Trail, Sandy's Bark Park, and multiple road projects.
- Public safety expense rose due to an increase in quarterly payments made to SAFER as well as a larger capital contribution.

Town of Rib Mountain Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$4,614,145, an increase of \$1,834,853 in comparison to the prior year.

The General Fund is the main operating fund of the Town. At the end of 2018, the unassigned fund balance of the General Fund was \$1,524,135, while the total fund balance reached \$1,980,451. The remainder of fund balance is considered *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is not available for new spending. Nonspendable fund balance includes current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$207,495). Restricted fund balance includes amounts held for future capital purchases funded by outside parties (\$42,071). An additional \$206,750 is assigned for subsequent year's budget, capital improvements, and retirement expenses.

As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures, exclusive of debt service. The unassigned fund balance represents 50% of General Fund budgeted expenditures, while the total fund balance represents 65% of General Fund budgeted expenditures.

The Debt Service fund has a total fund balance of \$424,737. 100% of this fund balance is restricted for retirement of long-term debt.

The General Capital Projects fund has a total fund balance of \$1,742,374. 100% of this fund balance is restricted for capital projects

The Motel Tax fund has a total fund balance of \$222,829. 100% of this fund balance is assigned for tourism.

The Parkland Fees fund has a total fund balance of \$47,737. 100% of this fund balance is assigned for parks outlay.

The Tourism Commission fund has a total fund balance of \$127,950. 100% of this fund balance is restricted for tourism.

The Doepke Park fund has a total fund balance of \$18,128. 100% of this fund balance is assigned for Doepke Park outlay.

The Capital Projects Equipment fund has a total fund balance of \$49,939. 100% of this fund balance is assigned for equipment.

Town of Rib Mountain

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

General Fund Budgetary Highlights

Generally the original budget is rarely modified. The Town made modifications to its original budget for additional projects approved by the Town Board during the year.

During the year, actual revenues exceeded budgeted revenues by \$93,204. Licenses and permits and miscellaneous were exceeded budget expectations. Actual expenditures were lower than budgeted expenditures by \$138,686, primarily in general government and public safety.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of year-end amounts to \$13,632,214 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, infrastructure (highways and bridges), and construction in progress.

TOWN OF RIB MOUNTAIN'S CAPITAL ASSETS (net of accumulated depreciation)				
	Governmental Activities		Change \$	Change %
	2018	2017		
Land	\$ 1,197,314	\$ 1,197,314	\$ -	0%
Construction in progress	248,923	1,823,779	(1,574,856)	-86%
Land improvements	833,107	604,098	229,009	38%
Buildings	4,643,925	4,744,068	(100,143)	-2%
Machinery and equipment	218,180	165,479	52,701	32%
Vehicles	553,150	659,301	(106,151)	-16%
Infrastructure	5,937,615	4,102,524	1,835,091	45%
Total	\$13,632,214	\$13,296,563	335,651	3%

Major capital assets acquired or constructed during the year include:

- The finalization of Rib Mountain Drive Phase 2.0.
- The completion of the Dog Park and Bittersweet Trail.
- Multiple roads overlayed or repaved.

Additional information on the Town's capital assets can be found in Note 3.C. in the notes to the financial statements.

Debt Administration. As of December 31, 2018 the Town had total debt outstanding of \$8,120,000.

TOWN OF RIB MOUNTAIN'S OUTSTANDING DEBT General Obligation Debt and Revenue Bonds				
	Governmental Activities		Change \$	Change %
	2018	2017		
General obligation debt:				
Notes	\$ 8,120,000	\$ 7,330,000	\$ 790,000	11%

The Town's total debt increased by \$790,000 during the current fiscal year due to the issuance of \$1,965,000 in general obligation notes.

Town of Rib Mountain

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

State statutes limit the amount of general obligation debt the Town may issue to 5% of its total equalized valuation. The current debt limitation for the Town is \$41,206,110, which is in excess of the Town's \$8,120,000 in outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 3.E. in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Revenues from other government entities will see a slight increase for 2019 from 2018. This would include General Transportation Aid.
- The Wausau Metropolitan Statistical Area (MSA) had a December 2018 unemployment rate of 2.4%, the State's unemployment rate was 3.0%. (Source <https://www.bls.gov/regions/midwest/wisconsin.htm#eag>)
- The Town Board did adopt a 2019-2023 Capital Budget as part of the annual budget for 2019. This allows the Town to plan for financing for future projects and equipment.
- There was a large increase in hotel/motel revenues with the Hilton Garden Inn being open for a full year.
- Residential growth continued to rise. In 2018, the Town of Rib Mountain permitted the highest number of new dwelling units in over 20 years.

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gaylene Rhoden, Town Administrator, 3700 North Mountain Road, Wausau, WI 54401.

BASIC FINANCIAL STATEMENTS

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2018

	Governmental Activities	Component Unit Rib Mountain Community Improvement Foundation, Inc.
ASSETS		
Cash and investments	\$ 5,345,338	\$ 2,364
Receivables		
Taxes and special charges	2,348,077	-
Accounts, net	123,781	-
Special assessments	456,383	-
Due from other governments	189,049	-
Inventories and prepaid items	207,495	-
Investment in SAFER	1,161,409	-
Assets held for resale	275,821	-
Net pension asset	157,181	-
Capital assets, nondepreciable	1,446,237	-
Capital assets, depreciable	12,185,977	-
Total assets	23,896,748	2,364
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	287,199	-
Other postemployment related amounts	6,141	-
Total deferred outflows of resources	293,340	-
LIABILITIES		
Accounts payable	399,696	-
Accrued and other current liabilities	35,004	-
Due to other governments	44	-
Accrued interest payable	68,732	-
Special deposits	40,760	-
Unearned revenues	7,788	-
Long-term obligations		
Due within one year	1,120,000	-
Due in more than one year	7,231,675	-
Other postemployment benefits	56,784	-
Total liabilities	8,960,483	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for subsequent year	3,392,124	-
Pension related amounts	312,107	-
Other postemployment related amounts	1,579	-
Total deferred inflows of resources	3,705,810	-
NET POSITION		
Net investment in capital assets	9,155,805	-
Restricted	2,465,156	2,364
Unrestricted	(97,166)	-
Total net position	\$ 11,523,795	\$ 2,364

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

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 750,676	\$ 47,692	\$ -	\$ -
Public safety	875,681	76,753	29,644	-
Public works	1,856,586	480,745	363,010	1,043,451
Health and human services	5,137	-	-	-
Culture and recreation	175,012	101,832	-	122,545
Conservation and development	303,028	11,336	-	-
Interest and fiscal charges	212,952	-	-	-
Total primary government	<u>\$ 4,179,072</u>	<u>\$ 718,358</u>	<u>\$ 392,654</u>	<u>\$ 1,165,996</u>
Component Unit				
Rib Mountain Community Improvement Foundation, Inc.	<u>\$ 123,575</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 75,226</u>
General revenues				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Gain on sale of asset				
Total general revenues				
Change in net position				
Net position - January 1, as originally reported				
Cumulative effect for change in accounting principle				
Net position - January 1, as restated				
Net position - December 31				

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

Net (Expense) Revenue and Changes in Net Position		Component Unit	
Governmental Activities		Rib Mountain Community Improvement Foundation, Inc.	
\$	(702,984)	\$	-
	(769,284)		-
	30,620		-
	(5,137)		-
	49,365		-
	(291,692)		-
	(212,952)		-
	<u>(1,902,064)</u>		<u>-</u>
			<u>(46,849)</u>
	2,740,531		-
	455,586		-
	133,488		-
	71,735		588
	2,764		-
	5,600		-
	<u>3,409,704</u>		<u>588</u>
	<u>1,507,640</u>		<u>(46,261)</u>
	10,062,877		48,625
	<u>(46,722)</u>		<u>-</u>
	<u>10,016,155</u>		<u>48,625</u>
\$	<u>11,523,795</u>	\$	<u>2,364</u>

Town of Rib Mountain

Marathon County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Debt Service	General Capital Projects	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 2,758,751	\$ 424,737	\$ 1,747,377	\$ 414,473	\$ 5,345,338
Receivables					
Taxes and special charges	1,268,960	1,079,117	-	-	2,348,077
Accounts, net	17,959	-	-	105,822	123,781
Special assessments	12,254	444,129	-	-	456,383
Due from other governments	178,524	-	10,525	-	189,049
Inventories and prepaid items	207,495	-	-	-	207,495
Assets held for resale	275,821	-	-	-	275,821
Total assets	<u>\$ 4,719,764</u>	<u>\$ 1,947,983</u>	<u>\$ 1,757,902</u>	<u>\$ 520,295</u>	<u>\$ 8,945,944</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 334,020	\$ -	\$ 15,528	\$ 50,148	\$ 399,696
Accrued and other current liabilities	35,004	-	-	-	35,004
Due to other governments	-	-	-	44	44
Special deposits	39,000	-	-	1,760	40,760
Unearned revenues	6,028	-	-	1,760	7,788
Total liabilities	<u>414,052</u>	<u>-</u>	<u>15,528</u>	<u>53,712</u>	<u>483,292</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	2,313,007	1,079,117	-	-	3,392,124
Special assessments	12,254	444,129	-	-	456,383
Total deferred inflows of resources	<u>2,325,261</u>	<u>1,523,246</u>	<u>-</u>	<u>-</u>	<u>3,848,507</u>
Fund balances					
Nonspendable	207,495	-	-	-	207,495
Restricted	42,071	424,737	1,742,374	127,950	2,337,132
Assigned	206,750	-	-	338,633	545,383
Unassigned	1,524,135	-	-	-	1,524,135
Total fund balances	<u>1,980,451</u>	<u>424,737</u>	<u>1,742,374</u>	<u>466,583</u>	<u>4,614,145</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,719,764</u>	<u>\$ 1,947,983</u>	<u>\$ 1,757,902</u>	<u>\$ 520,295</u>	<u>\$ 8,945,944</u>

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

Town of Rib Mountain

Marathon County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 4,614,145
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	13,632,214
Long-term assets are not considered available: therefore, are not reported in the funds	
Net pension asset	157,181
Investment in SAFER	1,161,409
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Special assessments	456,383
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	287,199
Deferred inflows related to pensions	(312,107)
Deferred outflows related to other postemployment benefits	6,141
Deferred inflows related to other postemployment benefits	(1,579)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(8,120,000)
Premium on debt	(184,905)
Compensated absences	(46,770)
Other postemployment benefit	(56,784)
Accrued interest on long-term obligations	(68,732)
Net position of governmental activities as reported on the statement of net position (see page 10)	<u>\$ 11,523,795</u>

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

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Debt Service	General Capital Projects	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 1,782,390	\$ 962,294	\$ -	\$ 451,433	\$ 3,196,117
Special assessments	4,085	661,564	-	-	665,649
Intergovernmental	517,237	-	5,525	-	522,762
Licenses and permits	130,590	-	-	-	130,590
Fines and forfeits	309	-	-	-	309
Public charges for services	487,157	-	66,242	26,660	580,059
Intergovernmental charges for services	14,949	-	-	-	14,949
Miscellaneous	43,923	10,358	13,959	7,615	75,855
Total revenues	2,980,640	1,634,216	85,726	485,708	5,186,290
EXPENDITURES					
Current					
General government	706,200	-	-	-	706,200
Public safety	533,652	-	-	-	533,652
Public works	1,347,849	-	-	-	1,347,849
Health and human services	5,137	-	-	-	5,137
Culture and recreation	121,092	-	10,770	-	131,862
Conservation and development	80,744	-	-	220,896	301,640
Debt service					
Principal	-	1,175,000	-	-	1,175,000
Interest and fiscal charges	-	164,544	60,573	-	225,117
Capital outlay	96,965	-	490,669	360,452	948,086
Total expenditures	2,891,639	1,339,544	562,012	581,348	5,374,543
Excess of revenues over (under) expenditures	89,001	294,672	(476,286)	(95,640)	(188,253)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	1,965,000	-	1,965,000
Premium on debt issued	-	-	58,106	-	58,106
Transfers in	187,345	41,298	70,971	658,982	958,596
Transfers out	(54,000)	-	(434,298)	(470,298)	(958,596)
Total other financing sources (uses)	133,345	41,298	1,659,779	188,684	2,023,106
Net change in fund balances	222,346	335,970	1,183,493	93,044	1,834,853
Fund balances - January 1	1,758,105	88,767	558,881	373,539	2,779,292
Fund balances - December 31	\$ 1,980,451	\$ 424,737	\$ 1,742,374	\$ 466,583	\$ 4,614,145

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

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page	\$ 1,834,853
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets reported as capital outlay in governmental fund statements	943,042
Depreciation expense reported in the statement of activities	(607,391)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	
	372,277
The net income (loss) in the investment in SAFER is reported with governmental activities	
	(163,665)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt issued	(1,965,000)
Premium on debt issued	(58,106)
Principal repaid	1,175,000
Some expenses reported 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 interest on long-term debt	(8,692)
Amortization of premiums, discounts and loss on advance refunding	20,857
Compensated absences	236
Net pension asset	207,681
Deferred outflows of resources related to pensions	(88,771)
Deferred inflows of resources related to pensions	(149,181)
Other postemployment benefits	(10,062)
Deferred outflows of resources related to other postemployment benefits	6,141
Deferred inflows of resources related to other postemployment benefits	(1,579)
Change in net position of governmental activities as reported in the statement of activities (see pages 11 - 12)	<u>\$ 1,507,640</u>

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

Town of Rib Mountain

Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,779,386	\$ 1,779,386	\$ 1,782,390	\$ 3,004
Special assessments	4,085	4,085	4,085	-
Intergovernmental	504,574	504,574	517,237	12,663
Licenses and permits	78,140	78,140	130,590	52,450
Fines and forfeits	200	200	309	109
Public charges for services	491,100	491,100	487,157	(3,943)
Intergovernmental charges for services	14,373	14,373	14,949	576
Miscellaneous	15,578	15,578	43,923	28,345
Total revenues	2,887,436	2,887,436	2,980,640	93,204
EXPENDITURES				
Current				
General government	756,676	756,676	706,200	50,476
Public safety	530,999	547,499	533,652	13,847
Public works	1,411,058	1,411,058	1,347,849	63,209
Health and human services	6,100	6,100	5,137	963
Culture and recreation	108,833	108,833	121,092	(12,259)
Conservation and development	82,659	82,659	80,744	1,915
Capital outlay	117,500	117,500	96,965	20,535
Total expenditures	3,013,825	3,030,325	2,891,639	138,686
Excess of revenues over (under) expenditures	(126,389)	(142,889)	89,001	231,890
OTHER FINANCING SOURCES (USES)				
Transfers in	88,389	88,389	187,345	98,956
Transfers out	(254,000)	(254,000)	(54,000)	200,000
Total other financing sources (uses)	(165,611)	(165,611)	133,345	298,956
Net change in fund balance	(292,000)	(308,500)	222,346	530,846
Fund balance - January 1	1,758,105	1,758,105	1,758,105	-
Fund balance - December 31	\$ 1,466,105	\$ 1,449,605	\$ 1,980,451	\$ 530,846

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

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
PROPERTY TAX AGENCY FUND
DECEMBER 31, 2018

ASSETS

Current assets	
Cash and investments	\$ 4,424,893
Receivables	
Taxes	<u>9,878,182</u>
Total assets	<u>\$ 14,303,075</u>

LIABILITIES

Current liabilities	
Due to other governments	<u>\$ 14,303,075</u>

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

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Rib Mountain, Marathon County, Wisconsin (the "Town"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

A. REPORTING ENTITY

The Town is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Rib Mountain Community Improvement Foundation, Inc.

The Rib Mountain Community Improvement Foundation, Inc. (the "Foundation") is a not-for-profit organization established under the laws of the State of Wisconsin. Its financial data is reported in a separate column to emphasize that it is legally separate from the Town. The Foundation is responsible for administering funds donated primarily by Town residents to promote community projects and programs within the Town's jurisdiction. The members of the Foundation's governing board are appointed by a nominating committee comprised of the Town of Rib Mountain supervisors. The Foundation is included in the Town's financial statements because the board is selected by the Town supervisors and its operations controlled by Town personnel. Separate financial statements are not prepared for the Foundation.

B. JOINT VENTURE

On January 1, 2014, the Town of Rib Mountain and the Village of Weston formed the South Area Fire and Emergency Response District ("SAFER") to provide fire protection, emergency medical services, and other related emergency services within each municipality and the surrounding areas. The SAFER Board of Directors is made up of five members, two of which are appointed by the Town and the Village of Weston and the fifth member is appointed jointly. Each municipality must approved the annual budget of SAFER.

Each municipality shall contribute funds to cover the operating and capital expenditures based on a ratio. The ratio, revised annually, for 2018 expenditures was as follows.

Village of Weston	66.44%
Town of Rib Mountain	33.56%

The ratio is calculated based on a formula that uses equal weight based on the proportion between the municipalities for the following criteria: 1) population, 2) equalized value and 3) inspectable structures.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

The Town has an equity interest in the net position of SAFER. At December 31, 2018, the Town's equity interest was \$1,161,409. Complete financial information for SAFER can be obtained from SAFER. Summary information pertaining to the total activity of SAFER as of and for the year ended December 31, 2018 is as follows:

	<u>2018</u>
Total Assets	\$ 3,563,349
Total Deferred Outflows of Resources	685,717
Total Liabilities	1,741,130
Total Deferred Inflows of Resources	776,927
Net Position	
Net investment in capital assets	2,423,926
Restricted for pension benefits	215,233
Unrestricted (deficit)	(908,150)
Total Net Position	<u>\$ 1,731,009</u>
Charges for Services	\$ 1,145,347
Operating Grants and Contributions	91,081
General Revenues	1,310,391
Expenses	(2,871,045)
Change in net position	<u>(324,226)</u>
Net Position - January 1	2,183,207
Prior period adjustment	(109,984)
Change in accounting principle	<u>(17,988)</u>
Net Position - December 31	<u>\$ 1,731,009</u>

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. The Town has no proprietary funds. Major individual governmental are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

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

General Capital Projects Fund

This fund is used for the Town's capital improvements plans.

Additionally, the Town reports the following fund type:

- ▶ The Town accounts for property taxes collected on behalf of other governments in an *Agency Fund*.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes and Special Charges Receivable

Property taxes and special charges and assessments consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes and special charges and assessments not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

In addition to its levy, the Town also levies and collects taxes for the Wausau School District, Marathon County, Northcentral Technical College, Rib Mountain Sanitary District and the State of Wisconsin.

3. Accounts Receivable

Accounts receivable are recorded net of allowance for uncollectible amounts. The allowance for uncollectible accounts balance was \$31,230 for the year ended December 31, 2018.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2018 tax roll are recognized as revenue in 2019.)

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

6. Prepaid Items

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

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

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities
	Years
Land improvements	15 - 30
Buildings and improvements	60
Vehicles	5 - 30
Machinery and equipment	5 - 20
Infrastructure	15 - 50

8. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

10. Deferred Outflows/Inflows of Resources

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

Governmental funds may report deferred inflows of resources for unavailable revenues. The Town reports unavailable revenues for special assessments. These inflows are recognized as revenues in the government-wide financial statements.

11. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Pensions

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.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Town has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Government-Wide Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. SALES TAX

The Town collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Town's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to November 15, the Town Board reviews a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. Budget control is maintained at the cost center level. Cost centers are defined as follows for the governmental fund types: General and capital projects at department level; special revenue and debt service at total fund level. Once the town budget has been adopted, no further amendments shall be made except through the following process: The Town Administrator is authorized to approve intradepartmental activity transfers of funds, except for those relating to capital expenditures. Transfers of funds from one department to another or between funds require Town Board approval.
4. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

5. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each major department of the Town. Amendments to the budget during the year require approval by the Town Board.
6. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2018.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2018 as follows:

Funds	Excess Expenditures
General	
General government	
Legal	\$ 31,753
Accounting and auditing	300
Property & liability insurance	1,056
Public safety	
Siren	139
Fire department	1
Ambulance	8,222
Public works	
Machinery & equipment	5,023
Snow & ice removal	4,100
Signs & markings	15,652
Culture and recreation	
Parks - general	19,023
Conservation and development	
Economic development	227
Capital outlay	
Municipal building	7,929

C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2018 and 2019 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2018 budget was 1.36%. The actual limit for the Town for the 2019 budget was 1.22%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$9,772,595 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 586
Deposits with financial institutions	9,771,971
Investments	
Local Government Investment Pool	38
	<u>\$ 9,772,595</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position

Governmental activities	
Cash and investments	\$ 5,345,338
Component unit	
Cash and investments	2,364

Fiduciary fund statement of net position

Agency fund	4,424,893
	<u>\$ 9,772,595</u>

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit policy.

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Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2018, \$9,145,399 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$9,145,399 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

The Town has investments in the Wisconsin Local Government Investment Pool ("LGIP") of \$38 at year-end. The 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 carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Town does not have an additional credit risk policy. The Town's investment in the Wisconsin Local Government Investment Pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin Local Government Investment Pool mature in 12 months or less.

B. RECEIVABLES

Receivables as of year-end for the Town's individual major funds and aggregate nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	General Capital Projects	Nonmajor Gov't Funds	Total
Receivables					
Taxes	\$ 1,268,960	\$ 1,079,117	\$ -	\$ -	\$ 2,348,077
Accounts	49,189	-	-	105,822	155,011
Special assessments	12,254	444,129	-	-	456,383
Gross receivables	1,330,403	1,523,246	-	105,822	2,959,471
Less: Allowance for uncollectibles	31,230	-	-	-	31,230
Net total receivables	<u>\$ 1,299,173</u>	<u>\$ 1,523,246</u>	<u>\$ -</u>	<u>\$ 105,822</u>	<u>\$ 2,928,241</u>

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 1,197,314	\$ -	\$ -	\$ 1,197,314
Construction in progress	1,823,779	464,223	2,039,079	248,923
Total capital assets, nondepreciable	<u>3,021,093</u>	<u>464,223</u>	<u>2,039,079</u>	<u>1,446,237</u>
Capital assets, depreciable:				
Land improvements	814,318	276,012	-	1,090,330
Buildings and improvements	6,008,588	-	-	6,008,588
Machinery and equipment	410,043	83,780	16,607	477,216
Vehicles	1,572,600	-	-	1,572,600
Infrastructure	5,736,310	2,158,106	-	7,894,416
Subtotals	<u>14,541,859</u>	<u>2,517,898</u>	<u>16,607</u>	<u>17,043,150</u>
Less accumulated depreciation for:				
Land improvements	210,220	47,003	-	257,223
Buildings and improvements	1,264,520	100,143	-	1,364,663
Machinery and equipment	244,564	31,079	16,607	259,036
Vehicles	913,299	106,151	-	1,019,450
Infrastructure	1,633,786	323,015	-	1,956,801
Subtotals	<u>4,266,389</u>	<u>607,391</u>	<u>16,607</u>	<u>4,857,173</u>
Total capital assets, depreciable, net	<u>10,275,470</u>	<u>1,910,507</u>	<u>-</u>	<u>12,185,977</u>
Governmental activities capital assets, net	<u>\$13,296,563</u>	<u>\$ 2,374,730</u>	<u>\$ 2,039,079</u>	<u>13,632,214</u>
Less: Capital related debt				4,326,796
Less: Capital related debt premium				<u>149,613</u>
Net investment in capital assets				<u>\$ 9,155,805</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental activities	
General government	\$ 24,863
Public safety	47,826
Public works	477,175
Culture and recreation	57,527
Total depreciation expense - governmental activities	<u>\$ 607,391</u>

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

D. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2018 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 187,345	\$ 54,000
Debt service	41,298	-
Motel Tax	-	467,374
Parkland Fees	-	1,000
Tourism Commission	315,982	-
General Capital	70,971	434,298
Equipment	343,000	-
Doepke Park	-	1,924
	<u>\$ 958,596</u>	<u>\$ 958,596</u>

Interfund transfers were made for the following purposes:

To fund part of trail project per 2018 General Fund budget	\$ 54,000
To transfer room tax collections to Tourism Commission and General Fund	451,403
To use prior year donation to cover tree planing costs	1,000
To fund SAFER equipment purchases	343,000
To cover employee wages in General Fund	1,924
To fund 2019 municipal building projects	50,000
To fund part of trail project using room tax funds	15,971
To transfer debt premium for 2019 interest payments	41,298
	<u>\$ 958,596</u>

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Notes	\$ 7,330,000	\$ 1,965,000	\$ 1,175,000	\$ 8,120,000	\$ 1,120,000
Premium on debt	147,656	58,106	20,857	184,905	-
Compensated absences	47,006	41,163	41,399	46,770	-
Governmental activities					
Long-term obligations	<u>\$ 7,524,662</u>	<u>\$ 2,064,269</u>	<u>\$ 1,237,256</u>	<u>\$ 8,351,675</u>	<u>\$ 1,120,000</u>

Total interest paid during the year on long-term debt totaled \$163,444.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
2012A GO Promissory Note	4/12/12	4/1/19	1.0 - 1.7%	\$ 1,956,000	\$ 330,000
2013A GO Promissory Note	10/8/13	9/1/23	0.75 - 2.7%	2,165,000	1,770,000
2015A GO Promissory Note	7/8/15	3/1/25	2.1 - 3.0%	2,720,000	2,040,000
2016A GO Promissory Note	8/11/16	8/1/26	1.5 - 2.5%	2,580,000	2,015,000
2018A GO Promissory Note	9/20/18	9/1/28	3.00%	1,965,000	1,965,000
Total outstanding general obligation debt					<u>\$ 8,120,000</u>

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NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Annual principal and interest maturities of the outstanding general obligation debt of \$8,120,000 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 1,120,000	\$ 192,751	\$ 1,312,751
2020	1,115,000	172,023	1,287,023
2021	1,080,000	144,898	1,224,898
2022	1,010,000	118,503	1,128,503
2023	875,000	93,075	968,075
2024-2028	2,920,000	186,910	3,106,910
	<u>\$ 8,120,000</u>	<u>\$ 908,160</u>	<u>\$ 9,028,160</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was \$33,510,847 as follows:

Equalized valuation of the Town		\$ 824,122,200
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>41,206,110</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 8,120,000	
Debt service fund	<u>424,737</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>7,695,263</u>
Legal margin for new debt		<u>\$ 33,510,847</u>

F. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

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3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2018, the WRS recognized \$45,268 in contributions from the Town.

Contribution rates for the reporting period are:

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

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

At December 31, 2018, the Town reported an asset of \$157,181 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset 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 0.00529388%, which was a decrease of 0.00083295% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$69,887.

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	\$ 199,701	\$ 93,414
Net differences between projected and actual earnings on pension plan investments	-	216,031
Changes in assumptions	31,056	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,174	2,662
Employer contributions subsequent to the measurement date	45,268	-
Total	<u>\$ 287,199</u>	<u>\$ 312,107</u>

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\$45,268 reported as deferred outflows related to pension resulting from the Town'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,	Expense
2019	\$ 18,713
2020	673
2021	(50,864)
2022	(39,085)
2023	387
Total	<u>\$ (70,176)</u>

5. Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2016
Measurement date of net pension liability (asset):	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.2%
Discount rate:	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

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	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5%

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

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

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	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 liability (asset)	\$ 406,682	\$ (157,181)	\$ (585,735)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

6. Payables to the Pension Plan

At December 31, 2018, the Town reported a payable of \$6,720 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

G. OTHER POSTEMPLOYMENT BENEFITS

The Town has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by \$46,722 as follows:

Other postemployment liability		
OPEB asset balance previously reported	\$	-
Actuarially determined balance		46,722
Change in other postemployment liability		<u>\$ (46,722)</u>

Plan Description

The LRLIF is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

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Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance	
Employee Contribution Rates	
For the Year Ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$358 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Town reported a liability (asset) of \$56,784 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net OPEB liability (asset) was based on the Town's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.01887400%, which was a decrease of 0.00037% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$5,889.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 799
Net differences between projected and actual earnings on OPEB plan investments	654	-
Changes in assumptions	5,487	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	780
Employer contributions subsequent to the measurement date	-	-
Total	\$ 6,141	\$ 1,579

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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,	Expense
2019	\$ 761
2020	761
2021	761
2022	763
2023	598
Thereafter	918
Total	<u>\$ 4,562</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability (asset):	December 31, 2017
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the Town's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63%, as well as what the Town's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Town's proportionate share of the net OPEB liability (asset)	\$ 80,257	\$ 56,784	\$ 38,771

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

At December 31, 2018, the Town reported a payable of \$22 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

H. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2018, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and prepaid items	<u>\$ 207,495</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

General Fund	
Restricted for	
Capital Projects	\$ 42,071
Debt Service	
Restricted for	
Retirement of long-term debt	424,737
Capital projects	
Restricted for	
Capital projects	1,742,374
Tourism	
Restricted for	
Tourism	127,950
Total Restricted Fund Balance	\$ 2,337,132

Assigned Fund Balance

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

General Fund	
Assigned for capital improvements	\$ 117,750
Assigned for retirement expenses	10,000
Assigned for subsequent years budget	79,000
Subtotal	206,750
Special Revenue Funds	
Motel tax	
Assigned for tourism	222,829
Parkland Fees	
Assigned for parks outlay	47,737
Doepke Park	
Assigned for parks outlay	18,128
Subtotal	288,694
Capital Projects Funds	
Equipment Fund	
Equipment replacement	49,939
Total assigned fund balance	\$ 545,383

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

Minimum General Fund Balance Policy

The Town has also adopted a minimum fund balance policy of 20-25% of current year actual expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2018 Actual General Fund Expenditures	\$	2,891,639
Minimum Fund Balance %	(x) 20 - 25%	
Minimum Fund Balance Amount		<u>\$578,328 - \$722,910</u>

The Town unassigned General Fund balance of \$1,524,135 is above the minimum fund balance amount.

Net Position

The Town reports restricted net position at December 31, 2018 as follows:

Governmental activities

Restricted for

Capital projects	\$	653,823
Retirement of long-term debt		364,793
Tourism		127,950
Pension benefits		157,181
Investment in SAFER		1,161,409
Total governmental activities restricted net position	\$	<u>2,465,156</u>

Component Unit

Restricted for

Community improvement projects	\$	<u>2,364</u>
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NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage.

B. CONTINGENCIES

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

C. SUBSEQUENT EVENTS

In February 2019, the Town received a donation of 19 acres to be used as park land. Also in 2019, the Town entered into an Assignment & Release Agreement with the Village of Weston. The Town will be paying the Village of Weston \$33,000 per year for five years, for a total of \$165,000. This amount is related to monies fronted by the Village to SAFER while the Village was SAFER's fiscal agent.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Rib Mountain

Marathon County, Wisconsin

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

Plan Year Ending	Proportion of the Net Pension Liability (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	0.00675820%	\$ (166,000)	\$ 876,118	18.95%	102.74%
12/31/15	0.00679740%	110,456	845,080	13.07%	98.20%
12/31/16	0.00612683%	50,500	696,175	7.25%	99.12%
12/31/17	0.00529388%	(157,181)	681,415	23.07%	102.93%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 62,826	\$ 62,826	\$ -	\$ 845,080	7.43%
12/31/16	45,948	45,948	-	696,175	6.60%
12/31/17	46,336	46,336	-	681,415	6.80%
12/31/18	45,268	45,268	-	675,739	6.70%

See notes to required supplementary information

Town of Rib Mountain

Marathon County, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>Plan Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.01887400%	\$ 56,784	\$ 681,415	8.33%	44.81%

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 358	\$ 358	\$ -	\$ 675,739	0.05%

See notes to required supplementary information.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

A. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available.

B. WISCONSIN RETIREMENT SYSTEM

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

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

SUPPLEMENTARY INFORMATION

Town of Rib Mountain

Marathon County, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Taxes				
General property	\$ 1,778,236	\$ 1,778,236	\$ 1,778,237	\$ 1
Forest cropland/managed forest	960	960	3,666	2,706
Interest and penalties on taxes	190	190	487	297
Total taxes	1,779,386	1,779,386	1,782,390	3,004
Special assessments	4,085	4,085	4,085	-
Intergovernmental				
State				
State shared taxes	88,235	88,235	88,235	-
Fire insurance dues	25,000	25,000	29,644	4,644
Exempt computer aid	10,489	10,489	10,489	-
Transportation	315,561	315,561	315,561	-
Recycling	47,000	47,000	47,449	449
Municipal services aid	5,084	5,084	4,981	(103)
In lieu of taxes - state conservation land	980	980	984	4
Severance/yield/withdrawal	100	100	-	(100)
Forest cropland/managed forest	1,125	1,125	1,149	24
Payment in lieu of taxes	10,000	10,000	11,057	1,057
County timber sales	1,000	1,000	7,688	6,688
Total intergovernmental	504,574	504,574	517,237	12,663
Licenses and permits				
Licenses				
Liquor and malt beverage	15,200	15,200	17,176	1,976
Operators, cigarette and other licenses	14,500	14,500	14,720	220
Nonbusiness licenses	3,400	3,400	5,772	2,372
Permits				
Building	32,000	32,000	70,162	38,162
Zoning	3,300	3,300	7,100	3,800
Road excavation	5,000	5,000	11,090	6,090
Open pit mine permits	3,000	3,000	3,000	-
Other permits	1,740	1,740	1,570	(170)
Total licenses and permits	78,140	78,140	130,590	52,450
Fines and forfeits				
Court fines and penalties	200	200	309	109

Town of Rib Mountain

Marathon County, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	7,000	7,000	4,465	(2,535)
Street related charges	24,900	24,900	16,907	(7,993)
Recycling	439,000	439,000	440,885	1,885
Assessment letters	6,000	6,000	5,805	(195)
Weed and nuisance control	200	200	-	(200)
Developer fees	8,000	8,000	11,336	3,336
Rental of park shelter building	6,000	6,000	7,759	1,759
Total public charges for services	<u>491,100</u>	<u>491,100</u>	<u>487,157</u>	<u>(3,943)</u>
Intergovernmental charges for services				
Fire and EMS services	-	-	171	171
Public works	5,873	5,873	5,873	-
Other	8,500	8,500	8,905	405
Total intergovernmental charges for services	<u>14,373</u>	<u>14,373</u>	<u>14,949</u>	<u>576</u>
Miscellaneous				
Interest on investments	11,978	11,978	40,181	28,203
Insurance recoveries and dividends	-	-	2,385	2,385
Sale of recyclable materials	500	500	185	(315)
Donations	-	-	25	25
Concessions	1,100	1,100	1,147	47
Other	2,000	2,000	-	(2,000)
Total miscellaneous	<u>15,578</u>	<u>15,578</u>	<u>43,923</u>	<u>28,345</u>
Total revenues	<u><u>\$ 2,887,436</u></u>	<u><u>\$ 2,887,436</u></u>	<u><u>\$ 2,980,640</u></u>	<u><u>\$ 93,204</u></u>

Town of Rib Mountain

Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General government				
Town board	\$ 39,825	\$ 39,825	\$ 36,191	\$ 3,634
Planning commission	2,715	2,715	2,261	454
Elections	19,627	19,627	12,317	7,310
Legal	34,500	34,500	66,253	(31,753)
Board of appeals	905	905	-	905
Clerk/treasurer	86,135	86,135	83,308	2,827
General office	196,156	196,156	184,427	11,729
Park commission	2,110	2,110	1,356	754
Administrator	124,984	124,984	123,533	1,451
Accounting and auditing	12,500	12,500	12,800	(300)
Tax collection	500	500	-	500
Technology	25,200	25,200	22,201	2,999
Assessment of property	77,800	77,800	74,413	3,387
Municipal building	39,145	39,145	36,633	2,512
Property & liability insurance	19,620	19,620	20,676	(1,056)
Employee benefits	30,500	30,500	24,424	6,076
Illegal taxes, refunds, and uncollectible taxes	4,000	4,000	307	3,693
Contingency	40,454	40,454	5,100	35,354
Total general government	756,676	756,676	706,200	50,476
Public safety				
Crossing guards	14,229	14,229	13,463	766
Code enforcement officer	43,433	43,433	32,572	10,861
Public safety building	6,350	22,850	14,036	8,814
Siren	2,575	2,575	2,714	(139)
Fire department	187,798	187,798	187,799	(1)
Ambulance	187,799	187,799	196,021	(8,222)
Inspection	88,815	88,815	87,047	1,768
Total public safety	530,999	547,499	533,652	13,847
Public works				
Machinery & equipment	78,500	78,500	83,523	(5,023)
Highway and street maintenance	622,972	622,972	576,316	46,656
Street lighting	87,000	87,000	76,150	10,850
Snow & ice removal	34,651	34,651	38,751	(4,100)
Signs & markings	44,081	44,081	59,733	(15,652)
Bridges and culverts	27,542	27,542	17,821	9,721
Solid waste & recycling	417,944	417,944	400,837	17,107
Engineering	16,000	16,000	15,141	859
Building	82,368	82,368	79,577	2,791
Total public works	1,411,058	1,411,058	1,347,849	63,209
Health and human services				
Animal and insect control	6,100	6,100	5,137	963

Town of Rib Mountain

Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Parks - general	82,134	82,134	101,157	(19,023)
Recreation programs	26,699	26,699	19,935	6,764
Total culture and recreation	108,833	108,833	121,092	(12,259)
Conservation and development				
Community development	77,239	77,239	75,097	2,142
Economic development	5,420	5,420	5,647	(227)
Total conservation and development	82,659	82,659	80,744	1,915
Capital outlay				
Technology	18,000	18,000	15,274	2,726
Municipal building	-	-	7,929	(7,929)
Public works building	10,000	10,000	-	10,000
Stormwater	2,500	2,500	2,500	-
Road improvement	82,000	82,000	71,262	10,738
Other	5,000	5,000	-	5,000
Total capital outlay	117,500	117,500	96,965	20,535
Total expenditures	\$ 3,013,825	\$ 3,030,325	\$ 2,891,639	\$ 138,686

Town of Rib Mountain

Marathon County, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue			
	Motel Tax	Parkland Fees	Tourism Commission	Doepke Park
ASSETS				
Cash and investments	\$ 117,007	\$ 47,737	\$ 178,098	\$ 21,692
Receivables				
Accounts	105,822	-	-	-
Total assets	<u>\$ 222,829</u>	<u>\$ 47,737</u>	<u>\$ 178,098</u>	<u>\$ 21,692</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 50,148	\$ -
Due to other governments	-	-	-	44
Special deposits	-	-	-	1,760
Unearned revenues	-	-	-	1,760
Total liabilities	<u>-</u>	<u>-</u>	<u>50,148</u>	<u>3,564</u>
Fund balances				
Restricted	-	-	127,950	-
Assigned	222,829	47,737	-	18,128
Total fund balances	<u>222,829</u>	<u>47,737</u>	<u>127,950</u>	<u>18,128</u>
Total liabilities and fund balances	<u>\$ 222,829</u>	<u>\$ 47,737</u>	<u>\$ 178,098</u>	<u>\$ 21,692</u>

Capital Projects

<u>Equipment</u>	<u>Totals</u>
\$ 49,939	\$ 414,473
-	105,822
<u>\$ 49,939</u>	<u>\$ 520,295</u>
\$ -	\$ 50,148
-	44
-	1,760
-	1,760
-	53,712
-	127,950
<u>49,939</u>	<u>338,633</u>
<u>49,939</u>	<u>466,583</u>
<u>\$ 49,939</u>	<u>\$ 520,295</u>

Town of Rib Mountain

Marathon County, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue			
	Motel Tax	Parkland Fees	Tourism Commission	Doepke Park
REVENUES				
Taxes	\$ 451,433	\$ -	\$ -	\$ -
Public charges for services	-	20,150	-	6,510
Miscellaneous	4,054	795	1,459	380
Total revenues	455,487	20,945	1,459	6,890
EXPENDITURES				
Current				
Conservation and development	3,742	-	217,154	-
Capital outlay	-	12,964	-	-
Total expenditures	3,742	12,964	217,154	-
Excess of revenues over (under) expenditures	451,745	7,981	(215,695)	6,890
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	315,982	-
Transfers out	(467,374)	(1,000)	-	(1,924)
Total other financing sources (uses)	(467,374)	(1,000)	315,982	(1,924)
Net change in fund balances	(15,629)	6,981	100,287	4,966
Fund balances - January 1	238,458	40,756	27,663	13,162
Fund balances - December 31	<u>\$ 222,829</u>	<u>\$ 47,737</u>	<u>\$ 127,950</u>	<u>\$ 18,128</u>

Capital Projects

<u>Equipment</u>	<u>Totals</u>
\$ -	\$ 451,433
-	26,660
<u>927</u>	<u>7,615</u>
<u>927</u>	<u>485,708</u>
-	220,896
<u>347,488</u>	<u>360,452</u>
<u>347,488</u>	<u>581,348</u>
<u>(346,561)</u>	<u>(95,640)</u>
343,000	658,982
<u>-</u>	<u>(470,298)</u>
<u>343,000</u>	<u>188,684</u>
(3,561)	93,044
<u>53,500</u>	<u>373,539</u>
<u>\$ 49,939</u>	<u>\$ 466,583</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



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

To the Town Board
Town of Rib Mountain
Marathon County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Rib Mountain, Marathon County, Wisconsin (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon which includes an emphasis of matter paragraph as indicated on page 2 dated August 23, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

TOWN OF RIB MOUNTAIN, MARATHON COUNTY, WISCONSIN'S RESPONSE TO FINDINGS

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Wausau, Wisconsin

August 23, 2019

Town of Rib Mountain Marathon County, Wisconsin

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

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Segregation of Duties
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	The Town has one position to handle all payroll related transactions from setting up new employees and entering wage rates and benefit information to processing payroll every pay period. The Finance Director does review payroll registers. However, wage or benefit changes could be processed that were not approved. The Town also had a period during the year where there was limited staff available to complete all financial and recordkeeping duties of the Town. During this time, the same position would often process receipts, prepare the deposit, and reconcile the bank statement to the general ledger. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We therefore recommend the Town Board and management complete periodic reviews of processes to address and improve the segregation of duties conditions listed above. We recommend the Town Board continue to monitor the transactions and the financial records of the Town.
Management Response:	The Town is in the process of correcting this and will be implementing an Internal Control Policy by the end of 2019.

Town of Rib Mountain

Marathon County, Wisconsin

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

FINDING NO.	CONTROL DEFICIENCIES
2018-002	Preparation of Annual Financial Report
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Town contracts with us to compile the Wisconsin Municipal Report Form CT.
Criteria:	The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and Municipal Financial Report.
Management Response:	The Town feels the costs outweigh the benefits to train staff to prepare the Annual Financial Report, but will continue to have appropriate staff thoroughly review the report.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2018.