

Town of Rib Mountain
Marathon County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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Town of Rib Mountain Marathon County, Wisconsin

DECEMBER 31, 2019

Table of Contents

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Motel Tax Special Revenue Fund	21
Statement of Fiduciary Net Position - Fiduciary Fund	22
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	23
Notes to Basic Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	53
Schedule of Contributions - Wisconsin Retirement System	53
Schedule of Proportionate Share of the Net OPEB Liability (Asset) - Local Retiree Life Insurance Fund	54
Schedule of Contributions - Local Retiree Life Insurance Fund	54
Notes to Required Supplementary Information	55
SUPPLEMENTARY INFORMATION	
Detailed Comparison of Budgeted and Actual Revenues - General Fund	56
Detailed Comparison of Budgeted and Actual Expenditures - General Fund	58
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	61

Town of Rib Mountain Marathon County, Wisconsin

DECEMBER 31, 2019

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 <i>Government Auditing Standards</i>	62
Schedule of Findings and Responses	64



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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2019, and the respective changes in financial position thereof and the budgetary comparisons for the General Fund and Motel Tax special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

During 2019, the Town adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the Town added a Statement of Changes in Fiduciary Net Position related to a custodial fund for taxes and specials collected for other governments. 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 4 through 10 and the schedules relating to pensions and other postemployment benefits on pages 53 through 54 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.

Prior-Year Comparative Information

We have previously audited the Town's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated August 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing 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.

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

CliftonLarsonAllen LLP

Wausau, Wisconsin
August 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$12,019,095 (*net position*).
- The 2019 property tax rate, collected in 2020, was \$3.32 per \$1,000 of assessed property value, a decrease of \$0.53. The assessed value of property within the Town increased from \$735,930,900 for tax year 2018 to \$873,891,400 for tax year 2019, an increase of 18.75% due to new construction and the finalization of a full revaluation.
- As of December 31, 2019, the Town's governmental funds reported combined ending fund balances of \$3,589,169, a decrease of \$1,024,976 in comparison to the prior year. The decrease was primarily due to the continued spending of the 2018 debt proceeds on capital projects.
- As of December 31, 2019, the General Fund's unassigned fund balance is \$1,399,447, approximately 42% of total general fund actual expenditures. An additional \$42,071 is restricted for capital asset purchases, \$239,000 is assigned for subsequent year's capital improvements, retirement expenses and other 2020 budgeted expenditures, and \$377,381 is considered non-spendable for inventories and prepaid items.
- The Town's total general obligation debt decreased \$1,120,000.

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, 2019

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 11 - 13 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, the General Capital Projects Fund, Equipment Capital Projects Fund, and Motel Tax special revenue fund, all of which are considered to be major funds. Data from the remaining three 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 Parkland Fees Fund, Tourism Commission Fund, and Doepke Park 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 14 - 21 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 pages 22-23 of this report.

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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 24 - 52 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 56 – 61.

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, 2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,019,095.

TOWN OF RIB MOUNTAIN'S NET POSITION		
	Governmental Activities	
	2019	2018
Current and other assets	\$ 8,738,208	\$ 10,264,534
Capital Assets	14,370,606	13,632,214
Total Assets	23,108,814	23,896,748
Deferred Outflows of Resources	461,775	293,340
Long-term liabilities outstanding	7,423,377	8,408,459
Other liabilities	425,565	552,024
Total Liabilities	7,848,942	8,960,483
Deferred Inflows of Resources	3,702,552	3,705,810
Net Position		
Net investment in capital assets	9,721,369	9,155,805
Restricted	2,185,563	2,465,156
Unrestricted (deficit)	112,163	(97,166)
Total Net Position	\$ 12,019,095	\$ 11,523,795

81% of the Town's net position, \$9,721,369, 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.

18% of the Town's net position, \$2,185,563, represents resources that are subject to external restrictions on how they may be used. The remaining net position is *unrestricted net position (deficit)* of \$112,163.

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2019

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	
	2019	2018
Revenues		
Program Revenues		
Charges for services	\$ 683,748	\$ 718,358
Operating grants and contributions	406,752	392,654
Capital grants and contributions	74,004	1,165,996
General revenues		
Property taxes	2,833,303	2,740,531
Other taxes	561,801	455,586
Grants and contributions not restricted to specific programs	158,234	133,488
Interest and investment earnings	134,232	71,735
Other	27,519	8,364
Total Revenues	4,879,593	5,686,712
Expenses		
General government	745,530	750,676
Public safety	878,350	875,681
Public works	2,082,379	1,856,586
Health and human services	5,339	5,137
Culture and recreation	197,219	175,012
Conservation and development	312,054	303,028
Interest on long-term debt	163,422	212,952
Total Expenses	4,384,293	4,179,072
Change in Net Position	495,300	1,507,640
Net Position - January 1, as originally reported	11,523,795	10,062,877
Cumulative Effect of Change in Accounting Principle	-	(46,722)
Net Position - January 1, as restated	11,523,795	10,016,155
Net Position - December 31	\$ 12,019,095	\$ 11,523,795

A summary of key changes follows:

- Capital grants and contributions decreased significantly due to large special assessments that were assessed for Rib Mountain Drive Phase 2.0, being paid in full in 2018.
- Other taxes saw a significant increase due to a larger motel tax collections for 2019. Record snowfall made for a good ski season.
- Public works expense increased with multiple road projects, overtime due to record snowfall, and increased repairs to fix equipment heavily used during the winter season.
- Interest and investment earnings increased due to larger cash balances from the 2018 borrowing, as well as higher interest rates earned on those funds.

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019, the Town's governmental funds reported combined ending fund balances of \$3,589,169, a decrease of \$1,024,976 in comparison to the prior year.

The General Fund is the main operating fund of the Town. At the end of 2019, the unassigned fund balance of the General Fund was \$1,399,447, while the total fund balance reached \$2,057,899. 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 and land held for resale (\$377,381). Restricted fund balance includes amounts held for future capital purchases funded by outside parties (\$42,071). An additional \$239,000 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 42% of General Fund budgeted expenditures, while the total fund balance represents 61% of General Fund budgeted expenditures.

The Debt Service fund has a total fund balance of \$256,112. 100% of this fund balance is restricted for retirement of long-term debt.

The General Capital Projects fund has a total fund balance of \$613,784. 100% of this fund balance is restricted for capital projects.

The Capital Projects Equipment fund has a total fund balance of \$66,111. 100% of this fund balance is assigned for equipment.

The Motel Tax fund has a total fund balance of \$225,895. 100% of this fund balance is assigned for tourism.

The Parkland Fees fund has a total fund balance of \$63,679. 100% of this fund balance is assigned for parks outlay.

The Tourism Commission fund has a total fund balance of \$286,247. \$2,500 is considered nonspendable fund balance as it includes prepayments that benefit periods beyond the end of the current year. \$283,747 is restricted for tourism.

The Doepke Park fund has a total fund balance of \$19,442. 100% of this fund balance is assigned for Doepke Park outlay.

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2019

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 \$139,821, primarily in taxes, licenses and permits and miscellaneous. Actual expenditures were lower than budgeted expenditures by \$94,221, 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 \$14,370,606 (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 %
	2019	2018		
Land	\$ 1,264,314	\$ 1,197,314	\$ 67,000	6%
Construction in progress	311,847	248,923	62,924	25%
Land improvements	779,204	833,107	(53,903)	-6%
Buildings	4,583,004	4,643,925	(60,921)	-1%
Machinery and equipment	186,692	218,180	(31,488)	-14%
Vehicles	902,061	553,150	348,911	63%
Infrastructure	6,343,484	5,937,615	405,869	7%
Total	\$ 14,370,606	\$ 13,632,214	738,392	5%

Major capital assets acquired or constructed during the year include:

- The purchase of a 2017 Street Sweeper Unit.
- The completion of the 2019 Kenworth Plow Truck and Patrol Plow Truck.
- Multiple roads overlayed or repaved.
- Donation of land for dog park use.

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, 2019 the Town had total debt outstanding of \$7,000,000.

TOWN OF RIB MOUNTAIN'S OUTSTANDING DEBT				
General Obligation Debt and Revenue Bonds				
	Governmental Activities		Change \$	Change %
	2019	2018		
General obligation debt:				
Notes	\$ 7,000,000	\$ 8,120,000	\$ (1,120,000)	-14%

The Town's total debt decreased by \$1,120,000 during the current fiscal year.

Town of Rib Mountain

Marathon County, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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 \$42,466,880, which is in excess of the Town's \$7,000,000 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 2020 from 2019. This would include General Transportation Aid.
- The Wausau Metropolitan Statistical Area (MSA) had a December 2019 unemployment rate of 2.7%, the State's unemployment rate was 2.7%. (Source <https://www.bls.gov/regions/midwest/wisconsin.htm#eag>)
- The Town Board did adopt a 2020-2024 Capital Budget as part of the annual budget for 2020. This allows the Town to plan for financing for future projects and equipment.
- There was a large increase in hotel/motel revenues with record snowfall and a good ski season.
- Residential growth followed the same trend as 2018 with a repeat of the highest number of permits for new dwelling units.
- The Town sold property in early 2020 which equated to roughly \$254,000 in unbudgeted revenue.

All of these factors were considered in preparing the Town's budget for the 2020 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, 227800 Snowbird Avenue, Wausau, WI 54401.

BASIC FINANCIAL STATEMENTS

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF NET POSITION
 DECEMBER 31, 2019
 WITH COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities		Component Unit
	2019	2018	Rib Mountain Community Improvement Foundation, Inc.
ASSETS			
Cash and investments	\$ 4,777,473	\$ 5,345,338	\$ 2,638
Receivables			
Taxes and special charges	2,023,137	2,348,077	-
Accounts, net	149,938	123,781	-
Special assessments	280,746	456,383	-
Due from other governments	84,873	189,049	-
Inventories and prepaid items	104,060	207,495	-
Investment in SAFER	1,042,160	1,161,409	-
Assets held for resale	275,821	275,821	-
Net pension asset	-	157,181	-
Capital assets, nondepreciable	1,576,161	1,446,237	-
Capital assets, depreciable	12,794,445	12,185,977	-
Total assets	<u>23,108,814</u>	<u>23,896,748</u>	<u>2,638</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	455,599	287,199	-
Other postemployment related amounts	6,176	6,141	-
Total deferred outflows of resources	<u>461,775</u>	<u>293,340</u>	<u>-</u>
LIABILITIES			
Accounts payable	260,402	399,696	-
Accrued and other current liabilities	42,616	35,004	-
Due to other governments	6	44	-
Accrued interest payable	61,948	68,732	-
Special deposits	52,275	40,760	-
Unearned revenues	8,318	7,788	-
Long-term obligations			
Due within one year	1,115,000	1,120,000	-
Due in more than one year	6,095,861	7,231,675	-
Net pension liability	163,459	-	-
Other postemployment benefits	49,057	56,784	-
Total liabilities	<u>7,848,942</u>	<u>8,960,483</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	3,462,516	3,392,124	-
Pension related amounts	226,253	312,107	-
Other postemployment related amounts	13,783	1,579	-
Total deferred inflows of resources	<u>3,702,552</u>	<u>3,705,810</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	9,721,369	9,155,805	-
Restricted	2,185,563	2,465,156	2,638
Unrestricted	112,163	(97,166)	-
Total net position	<u>\$ 12,019,095</u>	<u>\$ 11,523,795</u>	<u>\$ 2,638</u>

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION 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	\$ 745,530	\$ 51,519	\$ -	\$ -
Public safety	878,350	66,066	32,652	-
Public works	2,082,379	501,426	374,100	7,004
Health and human services	5,339	-	-	-
Culture and recreation	197,219	56,196	-	67,000
Conservation and development	312,054	8,541	-	-
Interest and fiscal charges	163,422	-	-	-
Total primary government	<u>\$ 4,384,293</u>	<u>\$ 683,748</u>	<u>\$ 406,752</u>	<u>\$ 74,004</u>
Component Unit				
Rib Mountain Community Improvement Foundation, Inc.	<u>\$ 1,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,878</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				
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.
2019	2018	
\$ (694,011)	\$ (702,984)	\$ -
(779,632)	(769,284)	-
(1,199,849)	30,620	-
(5,339)	(5,137)	-
(74,023)	49,365	-
(303,513)	(291,692)	-
(163,422)	(212,952)	-
<u>(3,219,789)</u>	<u>(1,902,064)</u>	<u>-</u>
-	-	241
2,833,303	2,740,531	-
561,801	455,586	-
158,234	133,488	-
134,232	71,735	33
1,519	2,764	-
26,000	5,600	-
<u>3,715,089</u>	<u>3,409,704</u>	<u>33</u>
495,300	1,507,640	274
<u>11,523,795</u>	<u>10,016,155</u>	<u>2,364</u>
<u>\$ 12,019,095</u>	<u>\$ 11,523,795</u>	<u>\$ 2,638</u>

Town of Rib Mountain

Marathon County, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	
			General	Equipment
ASSETS				
Cash and investments	\$ 2,882,889	\$ 681,792	\$ 617,958	\$ 66,111
Receivables				
Taxes and special charges	1,256,274	766,863	-	-
Accounts, net	32,711	-	-	-
Special assessments	-	280,746	-	-
Due from other governments	84,873	-	-	-
Inventories and prepaid items	101,560	-	-	-
Assets held for resale	275,821	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,634,128</u>	<u>\$ 1,729,401</u>	<u>\$ 617,958</u>	<u>\$ 66,111</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 206,732	\$ -	\$ 4,174	\$ -
Accrued and other current liabilities	42,616	-	-	-
Due to other governments	-	-	-	-
Special deposits	50,850	-	-	-
Unearned revenues	6,058	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>306,256</u>	<u>-</u>	<u>4,174</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	2,269,973	1,192,543	-	-
Special assessments	-	280,746	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>2,269,973</u>	<u>1,473,289</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	377,381	-	-	-
Restricted	42,071	256,112	613,784	-
Assigned	239,000	-	-	66,111
Unassigned	1,399,447	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,057,899</u>	<u>256,112</u>	<u>613,784</u>	<u>66,111</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,634,128</u>	<u>\$ 1,729,401</u>	<u>\$ 617,958</u>	<u>\$ 66,111</u>

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

Special Revenue Motel Tax	Other Governmental Funds	Totals	
		2019	2018
\$ 108,668	\$ 420,055	\$ 4,777,473	\$ 5,345,338
-	-	2,023,137	2,348,077
117,227	-	149,938	123,781
-	-	280,746	456,383
-	-	84,873	189,049
-	2,500	104,060	207,495
-	-	275,821	275,821
<u>\$ 225,895</u>	<u>\$ 422,555</u>	<u>\$ 7,696,048</u>	<u>\$ 8,945,944</u>
\$ -	\$ 49,496	\$ 260,402	\$ 399,696
-	-	42,616	35,004
-	6	6	44
-	1,425	52,275	40,760
-	2,260	8,318	7,788
-	53,187	363,617	483,292
-	-	3,462,516	3,392,124
-	-	280,746	456,383
-	-	3,743,262	3,848,507
-	2,500	379,881	483,316
-	283,747	1,195,714	2,337,132
225,895	83,121	614,127	545,383
-	-	1,399,447	1,248,314
<u>225,895</u>	<u>369,368</u>	<u>3,589,169</u>	<u>4,614,145</u>
<u>\$ 225,895</u>	<u>\$ 422,555</u>	<u>\$ 7,696,048</u>	<u>\$ 8,945,944</u>

Town of Rib Mountain

Marathon County, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 3,589,169	\$ 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.	14,370,606	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	1,042,160	1,161,409
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	280,746	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	455,599	287,199
Deferred inflows related to pensions	(226,253)	(312,107)
Deferred outflows related to other postemployment benefits	6,176	6,141
Deferred inflows related to other postemployment benefits	(13,783)	(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	(7,000,000)	(8,120,000)
Premium on debt	(161,210)	(184,905)
Compensated absences	(49,651)	(46,770)
Net pension liability	(163,459)	-
Other postemployment benefit	(49,057)	(56,784)
Accrued interest on long-term obligations	(61,948)	(68,732)
Net position of governmental activities as reported on the statement of net position (see page 11)	<u>\$ 12,019,095</u>	<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, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Debt Service	Capital Projects	
			General	Equipment
REVENUES				
Taxes	\$ 1,902,063	\$ 957,646	\$ -	\$ -
Special assessments	12,254	170,387	-	-
Intergovernmental	556,081	-	-	-
Licenses and permits	125,456	-	-	-
Fines and forfeits	607	-	-	-
Public charges for services	501,076	-	22,500	-
Intergovernmental charges for services	14,954	-	-	-
Miscellaneous	79,110	17,243	25,368	4,661
Total revenues	<u>3,191,601</u>	<u>1,145,276</u>	<u>47,868</u>	<u>4,661</u>
EXPENDITURES				
Current				
General government	725,871	-	-	-
Public safety	531,948	-	-	-
Public works	1,526,070	-	-	-
Health and human services	5,339	-	-	-
Culture and recreation	103,114	-	-	-
Conservation and development	84,955	-	-	-
Debt service				
Principal	-	1,120,000	-	-
Interest and fiscal charges	-	193,901	-	-
Capital outlay	320,017	-	588,967	617,980
Total expenditures	<u>3,297,314</u>	<u>1,313,901</u>	<u>588,967</u>	<u>617,980</u>
Excess of revenues over (under) expenditures	<u>(105,713)</u>	<u>(168,625)</u>	<u>(541,099)</u>	<u>(613,319)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	20,000	-	-	42,000
Transfers in	163,161	-	29,947	617,438
Transfers out	-	-	(617,438)	(29,947)
Total other financing sources (uses)	<u>183,161</u>	<u>-</u>	<u>(587,491)</u>	<u>629,491</u>
Net change in fund balances	77,448	(168,625)	(1,128,590)	16,172
Fund balances - January 1	<u>1,980,451</u>	<u>424,737</u>	<u>1,742,374</u>	<u>49,939</u>
Fund balances - December 31	<u>\$ 2,057,899</u>	<u>\$ 256,112</u>	<u>\$ 613,784</u>	<u>\$ 66,111</u>

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

Special Revenue Motel Tax	Other Governmental Funds	Totals	
		2019	2018
\$ 535,395	\$ -	\$ 3,395,104	\$ 3,196,117
-	-	182,641	665,649
-	-	556,081	522,762
-	-	125,456	130,590
-	-	607	309
-	26,235	549,811	580,059
-	-	14,954	14,949
5,478	5,716	137,576	75,855
<u>540,873</u>	<u>31,951</u>	<u>4,962,230</u>	<u>5,186,290</u>
-	-	725,871	706,200
-	-	531,948	533,652
-	-	1,526,070	1,347,849
-	-	5,339	5,137
-	8,249	111,363	131,862
2,412	220,383	307,750	301,640
-	-	1,120,000	1,175,000
-	-	193,901	225,117
-	-	1,526,964	948,086
<u>2,412</u>	<u>228,632</u>	<u>6,049,206</u>	<u>5,374,543</u>
<u>538,461</u>	<u>(196,681)</u>	<u>(1,086,976)</u>	<u>(188,253)</u>
-	-	-	1,965,000
-	-	-	58,106
-	-	62,000	-
-	374,777	1,185,323	958,596
(535,395)	(2,543)	(1,185,323)	(958,596)
<u>(535,395)</u>	<u>372,234</u>	<u>62,000</u>	<u>2,023,106</u>
3,066	175,553	(1,024,976)	1,834,853
<u>222,829</u>	<u>193,815</u>	<u>4,614,145</u>	<u>2,779,292</u>
<u>\$ 225,895</u>	<u>\$ 369,368</u>	<u>\$ 3,589,169</u>	<u>\$ 4,614,145</u>

Town of Rib Mountain

Marathon County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (1,024,976)	\$ 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	1,496,484	943,042
Depreciation expense reported in the statement of activities	(685,446)	(607,391)
Net book value of disposals	(72,646)	-
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.		
	(175,637)	372,277
The net income (loss) in the investment in SAFER is reported with governmental activities		
	(119,249)	(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	1,120,000	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	6,784	(8,692)
Amortization of premiums, discounts and loss on advance refunding	23,695	20,857
Compensated absences	(2,881)	236
Net pension asset (liability)	(320,640)	207,681
Deferred outflows of resources related to pensions	168,400	(88,771)
Deferred inflows of resources related to pensions	85,854	(149,181)
Other postemployment benefits	7,727	(10,062)
Deferred outflows of resources related to other postemployment benefits	35	6,141
Deferred inflows of resources related to other postemployment benefits	(12,204)	(1,579)
Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13)	<u>\$ 495,300</u>	<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, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,879,457	\$ 1,879,457	\$ 1,902,063	\$ 22,606
Special assessments	4,085	4,085	12,254	8,169
Intergovernmental	544,949	544,949	556,081	11,132
Licenses and permits	82,140	82,140	125,456	43,316
Fines and forfeits	200	200	607	407
Public charges for services	492,600	492,600	501,076	8,476
Intergovernmental charges for services	14,749	14,749	14,954	205
Miscellaneous	33,600	33,600	79,110	45,510
Total revenues	<u>3,051,780</u>	<u>3,051,780</u>	<u>3,191,601</u>	<u>139,821</u>
EXPENDITURES				
Current				
General government	775,395	775,395	725,871	49,524
Public safety	594,979	594,979	531,948	63,031
Public works	1,460,799	1,460,799	1,526,070	(65,271)
Health and human services	6,100	6,100	5,339	761
Culture and recreation	114,916	114,916	103,114	11,802
Conservation and development	90,847	90,847	84,955	5,892
Capital outlay	199,344	348,499	320,017	28,482
Total expenditures	<u>3,242,380</u>	<u>3,391,535</u>	<u>3,297,314</u>	<u>94,221</u>
Excess of revenues over (under) expenditures	<u>(190,600)</u>	<u>(339,755)</u>	<u>(105,713)</u>	<u>234,042</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	5,000	5,000	20,000	15,000
Transfers in	111,600	111,600	163,161	51,561
Total other financing sources	<u>116,600</u>	<u>116,600</u>	<u>183,161</u>	<u>66,561</u>
Net change in fund balance	(74,000)	(223,155)	77,448	300,603
Fund balance - January 1	<u>1,980,451</u>	<u>1,980,451</u>	<u>1,980,451</u>	<u>-</u>
Fund balance - December 31	<u>\$ 1,906,451</u>	<u>\$ 1,757,296</u>	<u>\$ 2,057,899</u>	<u>\$ 300,603</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 - MOTEL TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 535,395	\$ 185,395
Miscellaneous	4,200	4,200	5,478	1,278
Total revenues	<u>354,200</u>	<u>354,200</u>	<u>540,873</u>	<u>186,673</u>
EXPENDITURES				
Current				
Conservation and development	<u>5,500</u>	<u>5,500</u>	<u>2,412</u>	<u>3,088</u>
Excess of revenues over (under) expenditures	<u>348,700</u>	<u>348,700</u>	<u>538,461</u>	<u>189,761</u>
OTHER FINANCING USES				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(535,395)</u>	<u>(185,395)</u>
Net change in fund balance	(1,300)	(1,300)	3,066	4,366
Fund balance - January 1	<u>222,829</u>	<u>222,829</u>	<u>222,829</u>	<u>-</u>
Fund balance - December 31	<u>\$ 221,529</u>	<u>\$ 221,529</u>	<u>\$ 225,895</u>	<u>\$ 4,366</u>

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 FIDUCIARY FUND DECEMBER 31, 2019

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	\$ 5,725,552
LIABILITIES	
Due to other governments	5,725,552
NET POSITION	
Fiduciary net position - held for others	<u>\$ -</u>

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

Town of Rib Mountain Marathon County, Wisconsin

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

	<u>Custodial Fund</u>
ADDITIONS	
Taxes and special charges collected for other taxing jurisdictions	\$ 9,719,201
DEDUCTIONS	
Payments to other taxing jurisdictions	<u>9,719,201</u>
Change in net position	-
Net position - January 1	<u>-</u>
Net position - December 31	<u><u>\$ -</u></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, 2019

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 approve 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 2019 expenditures was as follows.

Village of Weston	67.84%
Town of Rib Mountain	32.16%

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, 2019

The Town has an equity interest in the net position of SAFER. At December 31, 2019, the Town's equity interest was \$1,042,160. 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, 2019 is as follows:

	<u>2019</u>
Total assets	<u>\$ 2,414,687</u>
Total deferred outflows of resources	<u>1,428,102</u>
Total liabilities	<u>1,455,100</u>
Total deferred inflows of resources	<u>1,027,480</u>
Net position	
Net investment in capital assets	1,812,185
Unrestricted (deficit)	(451,976)
Total net position	<u>\$ 1,360,209</u>
Charges for services	\$ 1,360,651
Operating grants and contributions	88,998
General revenues	1,845,043
Expenses	(2,991,898)
Change in net position	<u>302,794</u>
Net position - January 1	1,731,009
Prior period adjustment	<u>(673,594)</u>
Net position - December 31	<u>\$ 1,360,209</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* are primarily supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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, 2019

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund

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

Equipment Fund

This fund is used for the Town's equipment capital outlay purchases.

Motel Tax Fund

This fund is accounts for the Town's room tax collections for the purpose of financing tourism and development activities. The major revenue source for this fund are room taxes collected by hotels within the town's borders and remitted to the Town in accordance with town ordinance.

Additionally, the Town reports the following fund type:

Custodial Fund

The custodial fund accounts for property taxes and specials collected on behalf of other governments.

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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. Accounts Receivable

Accounts receivable are recorded net of allowance for uncollectible amounts. The allowance for uncollectible accounts balance was \$11,099 for the year ended December 31, 2019.

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 2019 tax roll are recognized as revenue in 2020.)

5. Inventories

Inventories are recorded at cost, which approximates market value, 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 classified as 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 expensed in the periods benefited.

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

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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

<u>Assets</u>	<u>Governmental Activities Years</u>
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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

- ▶ **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.

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. 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.

G. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

H. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.
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, 2019.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General	
General government	
Legal	\$ 25,533
Administrator	2,779
Finance Director	5,915
Property & liability insurance	275
Illegal taxes, refunds, and uncollectible taxes	12,061
Public safety	
Siren	190
Public works	
Machinery & equipment	21,674
Snow & ice removal	47,375
Signs & markings	18,961
Bridges & culverts	6,466
Engineering	326
Building	7,273
Capital outlay	
Road improvement	22,993

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 2019 and 2020 budget year, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2019 budget was 1.22%. The actual limit for the Town for the 2020 budget was 1.49%. 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, 2019

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the Town's cash and investments totaled \$10,505,663 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 574
Deposits with financial institutions	10,505,050
Investments	
Local government investment pool	39
	<u>\$ 10,505,663</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Governmental activities	
Cash and investments	\$ 4,777,473
Component unit	
Cash and investments	2,638
Fiduciary fund statement of net position	
Agency fund	5,725,552
	<u>\$ 10,505,663</u>

Fair Value Measurements

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

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

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. 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, 2019, \$8,305,858 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$8,305,858 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 \$39 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, 2019, 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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Motel Tax</u>	<u>Nonmajor Gov't Funds</u>	<u>Total</u>
			<u>General</u>	<u>Equipment</u>			
Receivables							
Taxes	\$ 1,256,274	\$ 766,863	\$ -	\$ -	\$ -	\$ -	\$ 2,023,137
Accounts	43,810	-	-	-	117,227	-	161,037
Special assessments	-	280,746	-	-	-	-	280,746
Gross receivables	1,300,084	1,047,609	-	-	117,227	-	2,464,920
Less: Allowance for uncollectibles	11,099	-	-	-	-	-	11,099
Net total receivables	<u>\$ 1,288,985</u>	<u>\$ 1,047,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,227</u>	<u>\$ -</u>	<u>\$ 2,453,821</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

C. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 1,197,314	\$ 67,000	\$ -	\$ 1,264,314
Construction in progress	248,923	318,382	255,458	311,847
Total capital assets, nondepreciable	<u>1,446,237</u>	<u>385,382</u>	<u>255,458</u>	<u>1,576,161</u>
Capital assets, depreciable:				
Land improvements	1,090,330	-	-	1,090,330
Buildings and improvements	6,008,588	39,552	-	6,048,140
Machinery and equipment	477,216	-	-	477,216
Vehicles	1,572,600	527,687	125,893	1,974,394
Infrastructure	7,894,416	799,321	-	8,693,737
Subtotals	<u>17,043,150</u>	<u>1,366,560</u>	<u>125,893</u>	<u>18,283,817</u>
Less accumulated depreciation for:				
Land improvements	257,223	53,903	-	311,126
Buildings and improvements	1,364,663	100,473	-	1,465,136
Machinery and equipment	259,036	31,488	-	290,524
Vehicles	1,019,450	106,130	53,247	1,072,333
Infrastructure	1,956,801	393,452	-	2,350,253
Subtotals	<u>4,857,173</u>	<u>685,446</u>	<u>53,247</u>	<u>5,489,372</u>
Total capital assets, depreciable, net	<u>12,185,977</u>	<u>681,114</u>	<u>72,646</u>	<u>12,794,445</u>
Governmental activities capital assets, net	<u>\$ 13,632,214</u>	<u>\$ 1,066,496</u>	<u>\$ 328,104</u>	14,370,606
Less: Capital related debt				4,492,488
Less: Capital related debt premium				126,466
Less: Capital related accounts payable and retainage payable				<u>30,283</u>
Net investment in capital assets				<u>\$ 9,721,369</u>

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

Governmental activities	
General government	\$ 34,020
Public safety	47,916
Public works	546,108
Culture and recreation	57,402
Total depreciation expense - governmental activities	<u>\$ 685,446</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

D. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 163,161	\$ -
Motel Tax	-	535,395
Tourism Commission	374,777	-
General Capital	29,947	617,438
Equipment	617,438	29,947
Doepke Park	-	2,543
	<u>\$ 1,185,323</u>	<u>\$ 1,185,323</u>

Interfund transfers were made for the following purposes:

To fund part of public works projects for the year	\$ 29,947
To transfer room tax collections to Tourism Commission and General Fund	535,395
To fund SAFER equipment purchases	162,438
To cover employee wages in General Fund	2,543
To fund 2019 Capital Equipment projects	455,000
	<u>\$ 1,185,323</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, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Notes	\$ 8,120,000	\$ -	\$ 1,120,000	\$ 7,000,000	\$ 1,115,000
Premium on debt	184,905	-	23,695	161,210	-
Compensated absences	46,770	38,185	35,304	49,651	-
Governmental activities					
Long-term obligations	<u>\$ 8,351,675</u>	<u>\$ 38,185</u>	<u>\$ 1,178,999</u>	<u>\$ 7,210,861</u>	<u>\$ 1,115,000</u>

Total interest paid during the year on long-term debt totaled \$192,751.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
2013A GO Promissory Note	10/8/13	9/1/23	0.75 - 2.7%	\$ 2,165,000	\$ 1,640,000
2015A GO Promissory Note	7/8/15	3/1/25	2.1 - 3.0%	2,720,000	1,775,000
2016A GO Promissory Note	8/11/16	8/1/26	1.5 - 2.5%	2,580,000	1,730,000
2018A GO Promissory Note	9/20/18	9/1/28	3.00%	1,965,000	<u>1,855,000</u>
Total outstanding general obligation debt					<u>\$ 7,000,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$7,000,000 on December 31, 2019 are detailed below:

<u>Year Ended</u> <u>December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	800,000	67,328	867,328
2025-2028	2,120,000	119,583	2,239,583
	<u>\$ 7,000,000</u>	<u>\$ 715,410</u>	<u>\$ 7,715,410</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, 2019 was \$35,722,992 as follows:

Equalized valuation of the Town		\$ 849,337,600
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		42,466,880
Total outstanding general obligation debt applicable to debt limitation	\$ 7,000,000	
Debt service fund	<u>256,112</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>6,743,888</u>
Legal margin for new debt		<u>\$ 35,722,992</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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

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

The WRS also provides death and disability benefits for employees.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019

2. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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, 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 reporting period ending December 31, 2019, the WRS recognized \$47,306 in contributions from the Town.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

At December 31, 2019, the Town reported a liability of \$163,459 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Town's proportion was 0.00459455%, which was a decrease of 0.00069933% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of \$113,796.

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 127,309	\$ 225,038
Net differences between projected and actual earnings on pension plan investments	238,721	-
Changes in assumptions	27,553	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,710	1,215
Employer contributions subsequent to the measurement date	47,306	-
Total	<u>\$ 455,599</u>	<u>\$ 226,253</u>

\$47,306 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2020	\$ 64,729
2021	20,129
2022	30,174
2023	67,008
Total	<u>\$ 182,040</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.01% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%*

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

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

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

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

Sensitivity of the Town’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase to Discount Rate (8.0%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 649,605	\$ 163,459	\$ (198,027)

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

6. Payables to the Pension Plan

At December 31, 2019, the Town reported a payable of \$7,038 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

G. OTHER POSTEMPLOYMENT BENEFITS

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.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019 are:

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

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, 2018 are listed below:

Life Insurance Employee Contribution Rates* For the Year Ended December 31, 2018		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

* Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$362 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, 2019, the Town reported a liability (asset) of \$49,057 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Town's proportion was 0.01901200%, which was an increase of 0.00013800% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$4,808.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,489
Net differences between projected and actual earnings on OPEB plan investments	1,172	-
Changes in assumptions	4,681	10,634
Changes in proportion and differences between employer contributions and proportionate share of contributions	323	660
Total	<u>\$ 6,176</u>	<u>\$ 13,783</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ (1,031)
2021	(1,031)
2022	(1,031)
2023	(1,196)
2024	(1,366)
Thereafter	(1,952)
Total	<u>\$ (7,607)</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2018 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, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.10% - 5.60%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019

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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1.0%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability, as opposed to a discount rate of 3.63% for the prior year. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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 4.22%, 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 (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
Town's proportionate share of the net OPEB liability (asset)	\$ 69,787	\$ 49,057	\$ 33,069

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>.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Payable to the OPEB Plan

At December 31, 2019, the Town reported a payable of \$1 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

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, 2019, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and prepaid items	\$ 101,560
Assets held for resale	275,821
Total nonspendable fund balance - General Fund	<u>\$ 377,381</u>
Tourism Fund	
Nonspendable	
Inventories and prepaid items	<u>\$ 2,500</u>

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, 2019, restricted fund balance was as follows:

General Fund	
Restricted for	
Capital projects	<u>\$ 42,071</u>
Debt Service	
Restricted for	
Retirement of long-term debt	<u>256,112</u>
Capital projects	
Restricted for	
Capital projects	<u>613,784</u>
Tourism	
Restricted for	
Tourism	<u>283,747</u>
Total restricted fund balance	<u>\$ 1,195,714</u>

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund	
Assigned for capital improvements	\$ 70,000
Assigned for retirement expenses	15,000
Assigned for subsequent years budget	154,000
Subtotal	<u>239,000</u>
Special Revenue Funds	
Motel tax	
Assigned for tourism	<u>225,895</u>
Parkland fees	
Assigned for parks outlay	<u>63,679</u>
Doepke Park	
Assigned for parks outlay	<u>19,442</u>
Subtotal	<u>309,016</u>
Capital Projects funds	
Equipment fund	
Equipment replacement	<u>66,111</u>
Total assigned fund balance	<u>\$ 614,127</u>

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:

2019 Actual general fund expenditures	\$ 3,279,993
Minimum fund balance %	<u>(x) 20 - 25%</u>
Minimum fund balance amount	<u>\$655,999 - \$819,998</u>

The Town unassigned General Fund balance of \$1,399,447 is above the minimum fund balance amount.

Town of Rib Mountain

Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019

Net Position

The Town reports restricted net position at December 31, 2019 as follows:

Governmental activities		
Restricted for		
Capital projects	\$	665,493
Retirement of long-term debt		194,163
Tourism		283,747
Investment in SAFER		<u>1,042,160</u>
Total governmental activities restricted net position	\$	<u><u>2,185,563</u></u>
Component Unit		
Restricted for		
Community improvement projects	\$	<u><u>2,638</u></u>

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 January 2020, the Town Board approved the sale of the land held for resale in the General Fund for \$275,000.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness, revenue short-falls in user fees and taxes, increased delinquent accounts receivable and shortages of personnel. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

In August 2020, the Town Board approved the issuance of \$1,835,000 in general obligation notes to fund 2020 and 2021 capital projects.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

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 June 15, 2021. 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%
12/31/18	0.00459455%	163,459	675,739	24.19%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered 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%
12/31/19	47,306	47,306	-	722,230	6.55%

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

Plan Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.01887400%	\$ 56,784	\$ 681,415	8.33%	44.81%
12/31/18	0.01901200%	49,057	675,739	7.26%	48.69%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 358	\$ 358	\$ -	\$ 675,739	0.05%
12/31/19	362	362	-	722,230	0.05%

See notes to required supplementary information.

Town of Rib Mountain Marathon County, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

A. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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.

B. OPEB LIABILITY

Changes of benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 1,875,657	\$ 1,875,657	\$ 1,875,657	\$ -
Forest cropland/managed forest	3,600	3,600	3,980	380
Payment in Lieu of Tax	-	-	22,268	22,268
Interest and penalties on taxes	200	200	158	(42)
Total taxes	<u>1,879,457</u>	<u>1,879,457</u>	<u>1,902,063</u>	<u>22,606</u>
Special assessments	<u>4,085</u>	<u>4,085</u>	<u>12,254</u>	<u>8,169</u>
Intergovernmental				
State				
State shared taxes	112,481	112,481	112,482	1
Fire insurance dues	29,000	29,000	32,652	3,652
Exempt computer aid	10,835	10,835	10,743	(92)
Transportation	326,844	326,844	326,694	(150)
Recycling	47,000	47,000	47,406	406
Municipal services aid	5,084	5,084	3,414	(1,670)
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	1,085	(40)
Payment in lieu of taxes	10,500	10,500	11,529	1,029
County timber sales	1,000	1,000	9,092	8,092
Total intergovernmental	<u>544,949</u>	<u>544,949</u>	<u>556,081</u>	<u>11,132</u>
Licenses and permits				
Licenses				
Liquor and malt beverage	15,200	15,200	18,575	3,375
Operators, cigarette and				
other licenses	14,500	14,500	16,710	2,210
Nonbusiness licenses	3,400	3,400	5,667	2,267
Permits				
Building	36,000	36,000	58,256	22,256
Zoning	3,300	3,300	7,600	4,300
Road excavation	5,000	5,000	13,538	8,538
Open pit mine permits	3,000	3,000	3,000	-
Other permits	1,740	1,740	2,110	370
Total licenses and permits	<u>82,140</u>	<u>82,140</u>	<u>125,456</u>	<u>43,316</u>
Fines and forfeits				
Court fines and penalties	<u>200</u>	<u>200</u>	<u>607</u>	<u>407</u>

Town of Rib Mountain

Marathon County, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	7,000	7,000	5,060	(1,940)
Street related charges	24,900	24,900	24,954	54
Recycling	440,000	440,000	449,235	9,235
Assessment letters	6,000	6,000	6,660	660
Weed and nuisance control	200	200	194	(6)
Developer fees	8,000	8,000	8,541	541
Rental of park shelter building	6,500	6,500	6,432	(68)
Total public charges for services	<u>492,600</u>	<u>492,600</u>	<u>501,076</u>	<u>8,476</u>
Intergovernmental charges for services				
Public works	6,049	6,049	6,049	-
Other	8,700	8,700	8,905	205
Total intergovernmental charges for services	<u>14,749</u>	<u>14,749</u>	<u>14,954</u>	<u>205</u>
Miscellaneous				
Interest on investments	30,000	30,000	77,026	47,026
Sale of recyclable materials	500	500	796	296
Concessions	1,100	1,100	1,019	(81)
Other	2,000	2,000	269	(1,731)
Total miscellaneous	<u>33,600</u>	<u>33,600</u>	<u>79,110</u>	<u>45,510</u>
Total revenues	<u>\$ 3,051,780</u>	<u>\$ 3,051,780</u>	<u>\$ 3,191,601</u>	<u>\$ 139,821</u>

Town of Rib Mountain

Marathon County, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General government				
Town board	\$ 39,683	\$ 39,683	\$ 38,321	\$ 1,362
Planning commission	2,713	2,713	1,529	1,184
Elections	17,417	17,417	6,570	10,847
Legal	35,000	35,000	60,533	(25,533)
Board of appeals	904	904	280	624
Clerk/treasurer	84,377	84,377	62,466	21,911
General office	113,790	113,790	108,405	5,385
Park commission	2,110	2,110	1,012	1,098
Administrator	126,895	126,895	129,674	(2,779)
Finance Director	81,057	81,057	86,972	(5,915)
Accounting and auditing	14,500	14,500	13,000	1,500
Tax collection	500	500	235	265
Technology	24,900	24,900	21,735	3,165
Assessment of property	77,800	77,800	73,919	3,881
Municipal building	38,905	38,905	28,129	10,776
Property & liability insurance	22,000	22,000	22,275	(275)
Employee benefits	32,370	32,370	27,615	4,755
Illegal taxes, refunds, and uncollectible taxes	4,000	4,000	16,061	(12,061)
Contingency	56,474	56,474	27,140	29,334
Total general government	<u>775,395</u>	<u>775,395</u>	<u>725,871</u>	<u>49,524</u>
Public safety				
Crossing guards	14,369	14,369	13,187	1,182
Code enforcement officer	57,366	57,366	18,114	39,252
Public safety building	18,000	18,000	14,695	3,305
Siren	2,700	2,700	2,890	(190)
Fire department	204,895	204,895	197,012	7,883
Ambulance	204,895	204,895	201,811	3,084
Inspection	92,754	92,754	84,239	8,515
Total public safety	<u>594,979</u>	<u>594,979</u>	<u>531,948</u>	<u>63,031</u>
Public works				
Machinery & equipment	78,500	78,500	100,174	(21,674)
Highway and street maintenance	632,489	632,489	621,115	11,374
Street lighting	83,000	83,000	70,016	12,984
Snow & ice removal	35,012	35,012	82,387	(47,375)
Signs & markings	51,722	51,722	70,683	(18,961)
Bridges and culverts	27,736	27,736	34,202	(6,466)
Solid waste & recycling	428,627	428,627	416,181	12,446
Engineering	20,000	20,000	20,326	(326)
Building	103,713	103,713	110,986	(7,273)
Total public works	<u>1,460,799</u>	<u>1,460,799</u>	<u>1,526,070</u>	<u>(65,271)</u>
Health and human services				
Animal and insect control	6,100	6,100	5,339	761

Town of Rib Mountain

Marathon County, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Parks - general	85,724	85,724	84,737	987
Recreation programs	29,192	29,192	18,377	10,815
Total culture and recreation	<u>114,916</u>	<u>114,916</u>	<u>103,114</u>	<u>11,802</u>
Conservation and development				
Community development	84,427	84,427	80,575	3,852
Economic development	6,420	6,420	4,380	2,040
Total conservation and development	<u>90,847</u>	<u>90,847</u>	<u>84,955</u>	<u>5,892</u>
Capital outlay				
Technology	18,000	18,000	4,954	13,046
CEO	25,000	25,000	17,321	7,679
Public works building	10,000	10,000	-	10,000
Stormwater	17,500	17,500	1,750	15,750
Road improvement	123,844	272,999	295,992	(22,993)
Other	5,000	5,000	-	5,000
Total capital outlay	<u>199,344</u>	<u>348,499</u>	<u>320,017</u>	<u>28,482</u>
Total expenditures	<u>\$ 3,242,380</u>	<u>\$ 3,391,535</u>	<u>\$ 3,297,314</u>	<u>\$ 94,221</u>

Town of Rib Mountain Marathon County, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

	Special Revenue			Totals
	Parkland Fees	Tourism Commission	Doepke Park	
ASSETS				
Cash and investments	\$ 63,679	\$ 333,243	\$ 23,133	\$ 420,055
Inventories and prepaid items	-	2,500	-	2,500
Total assets	<u>\$ 63,679</u>	<u>\$ 335,743</u>	<u>\$ 23,133</u>	<u>\$ 422,555</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 49,496	\$ -	\$ 49,496
Due to other governments	-	-	6	6
Special deposits	-	-	1,425	1,425
Unearned revenues	-	-	2,260	2,260
Total liabilities	<u>-</u>	<u>49,496</u>	<u>3,691</u>	<u>53,187</u>
Fund balances				
Nonspendable	-	2,500	-	2,500
Restricted	-	283,747	-	283,747
Assigned	63,679	-	19,442	83,121
Total fund balances	<u>63,679</u>	<u>286,247</u>	<u>19,442</u>	<u>369,368</u>
Total liabilities and fund balances	<u>\$ 63,679</u>	<u>\$ 335,743</u>	<u>\$ 23,133</u>	<u>\$ 422,555</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, 2019

	Special Revenue			Totals
	Parkland Fees	Tourism Commission	Doepke Park	
REVENUES				
Public charges for services	\$ 18,200	\$ -	\$ 8,035	\$ 26,235
Miscellaneous	1,242	3,903	571	5,716
Total revenues	19,442	3,903	8,606	31,951
EXPENDITURES				
Current				
Culture and recreation	3,500	-	4,749	8,249
Conservation and development	-	220,383	-	220,383
Total expenditures	3,500	220,383	4,749	228,632
Excess of revenues over (under) expenditures	15,942	(216,480)	3,857	(196,681)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	374,777	-	374,777
Transfers out	-	-	(2,543)	(2,543)
Total other financing sources (uses)	-	374,777	(2,543)	372,234
Net change in fund balances	15,942	158,297	1,314	175,553
Fund balances - January 1	47,737	127,950	18,128	193,815
Fund balances - December 31	\$ 63,679	\$ 286,247	\$ 19,442	\$ 369,368

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 12, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 2019-001 and 2019-002 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.



CliftonLarsonAllen LLP

Wausau, Wisconsin

August 12, 2020

Town of Rib Mountain

Marathon County, Wisconsin

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

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p>Segregation of Duties Repeat of Finding 2018-001</p>
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	<p>The Town has one employee 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 reviews payroll registers and all payroll related transactions. However, wage or benefit changes could be processed that were not approved. The Town also had a period during 2019 where there was limited staff available to complete all financial and recordkeeping duties of the Town. During this time, the same employee would often process receipts, prepare the deposit, and reconcile the bank statement to the general ledger. To help mitigate risk, the Town Administrator reviewed and signed off on all financial items. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.</p>
Context:	While performing audit procedures, it was noted that the Town does not have adequate 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 implemented an internal control policy in 2019 and has been at full staff in 2020 to be able to comply with the enacted internal control policy.

Town of Rib Mountain

Marathon County, Wisconsin

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

FINDING NO.	CONTROL DEFICIENCIES
2019-002	<p>Preparation of Annual Financial Report Repeat of Finding 2018-002</p>
Type of Finding:	Significant deficiency in internal control over financial reporting
Condition:	<p>Current Town staff maintains accounting records which reflect the Town’s financial transactions; however, preparing the Town’s annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Town contracts with us to compile the Wisconsin Municipal Report Form CT.</p>
Context:	<p>While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.</p>
Criteria:	<p>The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.</p>
Cause:	<p>Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.</p>
Effect:	<p>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.</p>
Recommendation:	<p>We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town’s annual financial report and Municipal Financial Report.</p>
Management Response:	<p>The Town 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.</p>

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.

