

**Town of Stettin  
Marathon County, Wisconsin**

**ANNUAL FINANCIAL REPORT**

December 31, 2018

# Town of Stettin

## Marathon County, Wisconsin

DECEMBER 31, 2018

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## Independent auditors' report

To the Town Board  
Town of Stettin  
Marathon County, Wisconsin

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of the Town of Stettin ("the Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **OPINIONS**

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

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 25 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.

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

### **Other Information**

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

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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Wausau, Wisconsin

October 10, 2019

## BASIC FINANCIAL STATEMENTS

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# Town of Stettin

## Marathon County, Wisconsin

STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	<b>Governmental Activities 2018</b>
<b>ASSETS</b>	
Cash and investments	\$ 395,985
Receivables	
Taxes and special charges	641,040
Accounts	9,922
Restricted assets	
Cash and investments	327,777
Net pension asset	34,233
Capital assets, nondepreciable	163,832
Capital assets, depreciable	<u>3,799,327</u>
Total assets	<u>5,372,116</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related amounts	<u>63,349</u>
<b>LIABILITIES</b>	
Accrued and other current liabilities	4,101
Accrued interest payable	6,051
Long-term obligations	
Due within one year	23,856
Due in more than one year	<u>218,342</u>
Total liabilities	<u>252,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes levied for subsequent year	970,576
Pension related amounts	<u>68,485</u>
Total deferred outflows of resources	<u>1,039,061</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,720,961
Unrestricted	<u>423,093</u>
Total net position	<u>\$ 4,144,054</u>

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

# Town of Stettin

## Marathon County, Wisconsin

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	2018
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 169,386	\$ 9,181	\$ -	\$ (160,205)
Public safety	113,472	6,225	10,729	(96,518)
Public works	802,353	126,857	175,057	(500,439)
Conservation and development	8,975	-	-	(8,975)
Interest on long-term debt	9,347	-	-	(9,347)
<b>Total</b>	<b>\$ 1,103,533</b>	<b>\$ 142,263</b>	<b>\$ 185,786</b>	<b>(775,484)</b>
General revenues				
Taxes				
Property taxes 787,394				
Other taxes 14,577				
Federal and state grants and other contributions not restricted to specific functions 49,240				
Interest and investment earnings 14,304				
Miscellaneous 8,146				
Gain on sale of asset 2,000				
<b>Total general revenues 875,661</b>				
<b>Change in net position 100,177</b>				
<b>Net position - January 1 4,043,877</b>				
<b>Net position - December 31 \$ 4,144,054</b>				

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

# Town of Stettin

## Marathon County, Wisconsin

BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2018

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	<u>General</u> <u>2018</u>
<b>ASSETS</b>	
Cash and investments	\$ 395,985
Restricted cash and investments	327,777
Receivables	
Taxes and special charges	641,040
Accounts	<u>9,922</u>
Total assets	<u>\$ 1,374,724</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
Liabilities	
Accrued and other current liabilities	<u>\$ 4,101</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year	<u>970,576</u>
Fund balance	
Assigned	273,614
Unassigned	<u>126,433</u>
Total fund balance	<u>400,047</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,374,724</u>

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

# Town of Stettin

## Marathon County, Wisconsin

BALANCE SHEET  
 GOVERNMENTAL FUND  
 DECEMBER 31, 2018

	<u>2018</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Total fund balances as shown on previous page	\$ 400,047
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.	3,963,159
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	63,349
Deferred inflows related to pensions	(68,485)
Long -term assets are not considered available; therefore, are not reported in the funds:	
Net pension asset	34,233
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(242,198)
Accrued interest on long-term obligations	<u>(6,051)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 3)	<u>\$ 4,144,054</u>

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

# Town of Stettin

## Marathon County, Wisconsin

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

	<u>General</u> <u>2018</u>
<b>REVENUES</b>	
Taxes	\$ 803,967
Intergovernmental	235,026
Licenses and permits	8,881
Public charges for services	133,382
Miscellaneous	<u>20,454</u>
Total revenues	<u>1,201,710</u>
<b>EXPENDITURES</b>	
Current	
General government	157,698
Public safety	113,472
Public works	450,041
Conservation and development	8,975
Debt service	
Principal	27,802
Interest and fiscal charges	3,296
Capital outlay	<u>459,203</u>
Total expenditures	<u>1,220,487</u>
<b>Net change in fund balance</b>	(18,777)
<b>Fund balance - January 1</b>	<u>418,824</u>
<b>Fund balance - December 31</b>	<u>\$ 400,047</u>

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

# Town of Stettin

## Marathon County, Wisconsin

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

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	<u>2018</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>	
Net change in fund balances as shown on previous page	\$ (18,777)
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	329,491
Depreciation expense reported in the statement of activities	(226,304)
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.	
Principal repaid	27,802
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	(6,051)
Net pension liability (asset)	44,412
Deferred outflows of resources related to pensions	(15,494)
Deferred inflows of resources related to pensions	<u>(34,902)</u>
Change in net position of governmental activities as reported in the statement of activities (see page 4)	<u>\$ 100,177</u>

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

# Town of Stettin

## Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 800,094	\$ 800,094	\$ 803,967	\$ 3,873
Intergovernmental	231,094	231,094	235,026	3,932
Licenses and permits	9,500	9,500	8,881	(619)
Public charges for services	126,500	126,500	133,382	6,882
Miscellaneous	2,400	2,400	20,454	18,054
Total revenues	<u>1,169,588</u>	<u>1,169,588</u>	<u>1,201,710</u>	<u>32,122</u>
<b>EXPENDITURES</b>				
Current				
General government	185,751	185,751	157,698	28,053
Public safety	91,600	91,600	113,472	(21,872)
Public works	564,900	564,900	450,041	114,859
Conservation and development	11,000	11,000	8,975	2,025
Debt service				
Principal	27,802	27,802	27,802	-
Interest and fiscal charges	3,298	3,298	3,296	2
Capital outlay	285,237	285,237	459,203	(173,966)
Total expenditures	<u>1,169,588</u>	<u>1,169,588</u>	<u>1,220,487</u>	<u>(50,899)</u>
<b>Net change in fund balance</b>	-	-	(18,777)	(18,777)
<b>Fund balance - January 1</b>	<u>418,824</u>	<u>418,824</u>	<u>418,824</u>	-
<b>Fund balance - December 31</b>	<u>\$ 418,824</u>	<u>\$ 418,824</u>	<u>\$ 400,047</u>	<u>\$ (18,777)</u>

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

# Town of Stettin Marathon County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
DECEMBER 31, 2018

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	<u>2018</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,556,381
Receivables	
Taxes and special charges	<u>3,055,824</u>
 Total assets	 <u><u>\$ 4,612,205</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u><u>\$ 4,612,205</u></u>

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

# Town of Stettin

## Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Stettin, 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 an unincorporated township governed by an elected three member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has no business-type activities.

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

Separate financial statements are provided for governmental funds. Governmental funds include the general fund. The Town has no proprietary funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

The Town reports the following major governmental fund:

##### General Fund

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

Additionally, the Town reports the following fund types:

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

#### C. 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*. 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 Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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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.

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.

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

##### **1. Cash and Investments**

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

##### **2. Property Taxes and Special Charges**

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

In addition to its levy, the Town also levies and collects taxes for the School District of Marathon City, School District of Wausau, Marathon County and North Central Technical College.

##### **3. Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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#### 4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual costs of \$500 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Assets	Governmental Activities Years
Buildings and improvements	10-25
Machinery and equipment	3-10
Infrastructure	15-40

#### 5. 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.

#### 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

#### 7. 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.

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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#### 8. Fund Equity

##### *Governmental Fund Financial Statements*

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

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

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

##### *Government-Wide Fund 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.

#### E. 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.

# Town of Stettin

## Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

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### NOTE 2: STEWARDSHIP AND COMPLIANCE

#### A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with the modified accrual basis of accounting for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

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

#### B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

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

Fund	Excess Expenditures
General Fund	
General Government	
Town Board	\$ 661
Clerk	1,287
Town Buildings	13,018
Communications	5,241
Miscellaneous	3,114
Public Safety	
Ambulance	30,895
Public Works	
Sanitation	2,038
Capital Outlay	
Equipment	12,362
Town Hall	244,927

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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#### C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2018 and 2019 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2018 budget was 1.84%. The actual limit for the Town for the 2019 budget was 1.57%. 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.

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts, which are 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 \$2,280,143 on December 31, 2018 as summarized below:

Deposits with financial institutions	<u>\$ 2,280,143</u>
Reconciliation to the basic financial statements:	
Government-wide Statement of Net Position	
Cash and investments	\$ 395,985
Restricted cash and investments	327,777
Fiduciary Fund Statement of Net Position	
Agency fund	1,556,381
	<u>\$ 2,280,143</u>

#### Fair Value Measurements

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

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

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have an additional custodial credit policy.

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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

As of December 31, 2018, \$1,737,377 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,737,377 was collateralized with securities held by the pledging financial institution.

#### B. RESTRICTED ASSETS

Restricted assets on December 31, 2018 totaled \$327,777 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
General Fund		
Advanced tax collections	<u>\$ 327,777</u>	Tax collections for the subsequent year's budget not available to be spent.

#### C. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 163,832	\$ -	\$ -	\$ 163,832
Capital assets, being depreciated:				
Buildings and improvements	567,375	244,927	-	812,302
Machinery and equipment	1,060,095	10,815	11,441	1,059,469
Infrastructure	4,272,327	73,749	-	4,346,076
Subtotals	5,899,797	329,491	11,441	6,217,847
Less accumulated depreciation for:				
Buildings and improvements	173,653	5,770	-	179,423
Machinery and equipment	827,242	48,051	11,441	863,852
Infrastructure	1,202,762	172,483	-	1,375,245
Subtotals	2,203,657	226,304	11,441	2,418,520
Total capital assets, being depreciated, net	3,696,140	103,187	-	3,799,327
Governmental activities capital assets, net	<u>\$ 3,859,972</u>	<u>\$ 103,187</u>	<u>\$ -</u>	3,963,159
Less: Capital related debt				<u>242,198</u>
Net investment in capital assets				<u>\$ 3,720,961</u>

# Town of Stettin Marathon County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

Governmental activities	
General government	\$ 7,845
Public works	218,459
Total depreciation expense	<u>\$ 226,304</u>

### D. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Notes	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 27,802</u>	<u>\$ 242,198</u>	<u>\$ 23,856</u>

Total interest paid during the year on long-term debt totaled \$3,296.

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
General obligation note	10/2/17	3/1/27	2.99%	\$ 270,000	<u>\$ 242,198</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$242,198 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 23,856	\$ 7,242	\$ 31,098
2020	24,569	6,529	31,098
2021	25,304	5,794	31,098
2022	26,061	5,037	31,098
2023	26,840	4,258	31,098
2024 - 2027	115,568	8,763	124,331
	<u>\$ 242,198</u>	<u>\$ 37,623</u>	<u>\$ 279,821</u>

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

#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was \$13,330,412 as follows:

Equalized valuation of the Town	\$ 271,452,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>13,572,610</u>
Total outstanding general obligation debt	<u>242,198</u>
Legal margin for new debt	<u>\$ 13,330,412</u>

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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#### **E. PENSION PLAN**

##### **1. Plan Description**

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

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 Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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#### 2. Post-Retirement Adjustments

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

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

#### 3. Contributions

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

During the year ending December 31, 2018, the WRS recognized \$11,835 in contributions from the Town.

Contribution rates for the reporting period are:

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

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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

At December 31, 2018, the Town reported an asset of \$34,233 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00115297%, which was a decrease of 0.00008193% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$14,725.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,492	\$ 20,345
Net differences between projected and actual earnings on pension plan investments	-	47,049
Changes in assumptions	6,763	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,259	1,091
Employer contributions subsequent to the measurement date	11,835	-
Total	<u>\$ 63,349</u>	<u>\$ 68,485</u>

\$11,835 reported as deferred outflows related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2019	\$ 3,580
2020	(465)
2021	(11,575)
2022	(8,594)
2023	83
Total	<u>\$ (16,971)</u>

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

#### 5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

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

	<b>Current Asset Allocation %</b>	<b>Long-term Expected Nominal Rate of Return %</b>	<b>Long-term Expected Real Rate of Return %</b>
<u>Core Fund Asset Class</u>			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

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

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

# Town of Stettin

## Marathon County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 88,572	\$ (34,233)	\$ (127,569)

**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, 2018, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

#### D. FUND EQUITY

##### Assigned Fund Balance

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

General Fund	
Emergency Fund	\$ 70,667
Equipment Fund	29,613
Road Reclamation Fund	53,692
Town Hall Fund	110,898
Bridge Repair Fund	8,744
	<u>\$ 273,614</u>

# Town of Stettin

## Marathon County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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### **NOTE 4: OTHER INFORMATION**

#### **A. RISK MANAGEMENT**

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

#### **B. CONTINGENCIES**

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

#### **C. 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 December 15, 2019. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

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

## REQUIRED SUPPLEMENTARY INFORMATION

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# Town of Stettin

## Marathon County, Wisconsin

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

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.00122142%	\$ (30,001)	\$ 166,643	18.00%	102.74%
12/31/15	0.00125191%	20,343	147,519	13.79%	98.20%
12/31/16	0.00123490%	10,179	165,099	6.17%	99.12%
12/31/17	0.00115297%	(34,233)	171,121	20.01%	102.93%

SCHEDULE OF CONTRIBUTIONS  
 WISCONSIN RETIREMENT SYSTEM  
 LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 11,249	\$ 11,249	\$ -	\$ 147,519	7.63%
12/31/16	10,896	10,896	-	165,099	6.60%
12/31/17	13,498	13,498	-	171,121	7.89%
12/31/18	11,835	11,835	-	173,672	6.81%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

## SUPPLEMENTARY INFORMATION

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# Town of Stettin

## Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes</b>				
General property	\$ 787,394	\$ 787,394	\$ 787,394	\$ -
Managed forest land taxes	3,500	3,500	9,400	5,900
Mobile home taxes	4,200	4,200	3,657	(543)
Interest on taxes	-	-	1,520	1,520
Other taxes	5,000	5,000	1,996	(3,004)
<b>Total taxes</b>	<b>800,094</b>	<b>800,094</b>	<b>803,967</b>	<b>3,873</b>
<b>Intergovernmental</b>				
<b>State</b>				
State shared taxes	47,794	47,794	47,911	117
Fire insurance dues	10,100	10,100	10,729	629
Tax exempt computer aid	500	500	983	483
Transportation	170,000	170,000	172,940	2,940
Recycling	2,000	2,000	2,117	117
MFL	700	700	346	(354)
<b>Total intergovernmental</b>	<b>231,094</b>	<b>231,094</b>	<b>235,026</b>	<b>3,932</b>
<b>Licenses and permits</b>				
<b>Licenses</b>				
Liquor and malt beverage	2,500	2,500	2,885	385
<b>Permits</b>				
Other permits	7,000	7,000	5,996	(1,004)
<b>Total licenses and permits</b>	<b>9,500</b>	<b>9,500</b>	<b>8,881</b>	<b>(619)</b>
<b>Public charges for services</b>				
Town hall rental	-	-	300	300
Ambulance fees	-	-	1,058	1,058
Snow plowing	-	-	1,194	1,194
Highway services	3,000	3,000	3,979	979
Fire protection	1,000	1,000	5,167	4,167
Recycling fees	122,500	122,500	121,684	(816)
<b>Total public charges for services</b>	<b>126,500</b>	<b>126,500</b>	<b>133,382</b>	<b>6,882</b>
<b>Miscellaneous</b>				
Interest income	2,000	2,000	14,304	12,304
Benefit repayment	400	400	6,150	5,750
<b>Total miscellaneous</b>	<b>2,400</b>	<b>2,400</b>	<b>20,454</b>	<b>18,054</b>
<b>Total revenues</b>	<b>\$ 1,169,588</b>	<b>\$ 1,169,588</b>	<b>\$ 1,201,710</b>	<b>\$ 32,122</b>

# Town of Stettin

## Marathon County, Wisconsin

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>General Government</b>				
Town Board	\$ 28,883	\$ 28,883	\$ 29,544	\$ (661)
Legal	50,000	50,000	7,805	42,195
Consulting	2,000	2,000	-	2,000
Clerk	44,361	44,361	45,648	(1,287)
Treasurer	30,507	30,507	26,685	3,822
Town Buildings	5,000	5,000	18,018	(13,018)
Insurance	25,000	25,000	21,643	3,357
Communications	-	-	5,241	(5,241)
Miscellaneous	-	-	3,114	(3,114)
<b>Total general government</b>	<b>185,751</b>	<b>185,751</b>	<b>157,698</b>	<b>28,053</b>
<b>Public Safety</b>				
Fire Protection	75,100	75,100	66,077	9,023
Ambulance	16,500	16,500	47,395	(30,895)
<b>Total public safety</b>	<b>91,600</b>	<b>91,600</b>	<b>113,472</b>	<b>(21,872)</b>
<b>Public Works</b>				
Highway and street maintenance	439,400	439,400	322,503	116,897
Sanitation	125,500	125,500	127,538	(2,038)
<b>Total public works</b>	<b>564,900</b>	<b>564,900</b>	<b>450,041</b>	<b>114,859</b>
<b>Conservation and Development</b>				
Planning and Zoning	11,000	11,000	8,975	2,025
<b>Debt Service</b>				
Principal	27,802	27,802	27,802	-
Interest	3,298	3,298	3,296	2
<b>Total Debt Service</b>	<b>31,100</b>	<b>31,100</b>	<b>31,098</b>	<b>2</b>
<b>Capital Outlay</b>				
Road maintenance	276,237	276,237	197,414	78,823
Bridge repair	4,500	4,500	-	4,500
Equipment	4,500	4,500	16,862	(12,362)
Town Hall	-	-	244,927	(244,927)
<b>Total Capital Outlay</b>	<b>285,237</b>	<b>285,237</b>	<b>459,203</b>	<b>(173,966)</b>
<b>Total expenditures</b>	<b>\$ 1,169,588</b>	<b>\$ 1,169,588</b>	<b>\$ 1,220,487</b>	<b>\$ (50,899)</b>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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

To the Town Board  
Town of Stettin  
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 major fund and the remaining fund information of the Town of Stettin, Marathon County, Wisconsin (the "Town"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report dated October 10, 2019.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-002 to be a significant deficiency.

**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 STETTIN, 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  
October 10, 2019

# Town of Stettin

## Marathon County, Wisconsin

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

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#### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2018-001	<b>Segregation of Duties</b>
Condition:	The Town has a limited number of staff who are responsible essentially completing all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Town continue to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The Town should review its processes to identify tasks that could be reassigned to other Town personnel and include other mitigating controls that would help improve internal controls. We also recommend the Town Board continue to monitor the transactions and the financial records of the Town.
Management Response:	Management believes the cost of segregating the financial and recordkeeping duties outweigh the benefits to be received.

# Town of Stettin

## Marathon County, Wisconsin

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

FINDING NO.	CONTROL DEFICIENCIES
2018-002	<b>Preparation of Annual Financial Report</b>
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report.
Management Response:	Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

### SECTION II. COMPLIANCE AND OTHER MATTERS

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