



# 2017 Annual Report

Town of Algoma  
Winnebago County, Wisconsin

December 31, 2017

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ANNUAL REPORT  
FOR THE TOWN OF ALGOMA

FOR THE YEAR ENDING  
DECEMBER 31, 2017

Important phone numbers:	
TOWN OF ALGOMA	(920) 235-3789
Building Inspector	(920) 233-1999
Algoma Sanitary District No. 1 Sewer & Water	(920) 426-0335
Advanced Disposal Services	(920) 685-6666
Fire –EMERGENCY	911
NON-EMERGENCY	(920) 233-5905

# TOWN MEETING SCHEDULE

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MEETING	LOCATION	DAYS/TIMES
Annual Meeting	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Third Wednesday in April at 5:45 PM unless changed for the following year at the Annual Meeting
Planning Commission Meeting	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Every Second Wednesday at 6:00 PM
Town Board Meeting	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Every Third Wednesday at 6:00 PM
Parks Committee Meeting	Algoma Town Hall 15 N. Oakwood Road Oshkosh, WI 54904	Every Last Wednesday at 6:00 PM

**All meetings are open to the public**

**Agendas are posted at:**

**Town Hall – 15 N. Oakwood Road**

**Service Oil – 2531 Omro Road**

**For Agendas and Minutes please visit**

**[www.townofalgoma.org](http://www.townofalgoma.org)**

## TOWN OFFICIALS

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CHAIRPERSON	Joel Rasmussen 3297 Creek Side Drive	(920) 410-2311
SUPERVISORS	Patricia Frohrib 1862 Sunkist Road	(920) 233-7667
	Patricia Clark (Petey) 1680 Rasmussen Road	(920) 379-8359
	Chris Wright 1425 Russett Lane	(920) 642-0280
	Jim Marvin 1414 Lakebreeze Road	(920) 642-3769
ADMINISTRATOR	Benjamin Krumenauer 15 N Oakwood Road	(920) 235-3789
TREASURER	Sue Drexler 15 N Oakwood Road	(920) 235-3789
CLERK	Deborah Stark 15 N Oakwood Road	(920) 235-3789
ADMINISTRATIVE ASST.	Heather Sedo 15 N Oakwood Road	(920) 235-3789
FIRE CHIEF	Scott Groth 2622 Omro Road	(920) 233-5905
ASST. FIRE CHIEF	John Kolb 2622 Omro Road	(920) 233-5905
ASST. FIRE CHIEF	Tim Heiman 2622 Omro Road	(920) 233-5905

# TOWN OFFICIALS

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FIRE INSPECTORS	Scott Groth 2622 Omro Road	(920) 233-5905
	Kevin Sawicki 2622 Omro Road	(920) 233-5905
	Tim Heiman 2622 Omro Road	(920) 233-5905
1ST RESPONDER CHAIR	Michelle Fitzpatrick 2622 Omro Road	(920) 233-5905
	Kevin Sawicki 2622 Omro Road	(920) 233-5905
ROAD/DRAINAGE COORDINATOR	Bill Tollard 15 N. Oakwood Road	(920) 379-3429
ASSESSOR	Action Appraisers P.O. Box 557 Kaukauna, WI 54130	(920) 766-7323
BUILDING INSPECTOR	Dave Frank 15. N Oakwood Road	(920) 233-1999

**Building Inspector and Road/Drainage Coordinator are available by  
appointment only.**

**Town Hall Office Hours  
Monday-Thursday 9:00 AM—5:00 PM  
Friday 9:00 AM—1:00 PM**

# PLANNING COMMISSION

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The Town Chair with the approval of the Town Board appointed the following people to serve on a Planning Commission which meets the second Wednesday of each month at 6:00 PM. Their focus is to address the current and future needs of Parks and Recreation in the Town of Algoma following the Town Comprehensive Plan. They are also a volunteer group.

Chair	Patricia Clark 1680 Rasmussen Road
Vice Chair	Audra Hoy 275 Thackery Drive
Member	Dewey Nelson 2946 Oakwood Circle
Member	Mark Thompson 3375 Sheppard Drive
Member	Kristine Timm 1588 Sheboygan Street
Member	Daniel Martin 2809 Pine Ridge Road
Member	Jeff Lytle 3269 Nelson Road

## PARKS COMMITTEE

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The Town Chair with the approval of the Town Board appointed the following people to serve on a Parks Committee which meets the last Wednesday of each month at 6:00 PM. Their focus is to address the current and future needs of Parks and Recreation in the Town of Algoma following the Town Comprehensive Plan. They are also a volunteer group.

Chair	Curt Clark 1680 Rasmussen Road
Vice Chair	Jim Marvin 1414 Lake Breeze Road
Member	Chris Wright 1425 Russett Lane
Member	Tom McInnis 3103 Rosewood Lane
Member	Mike Dudzinski 4103 Meadowview Lane

# ECONOMIC DEVELOPMENT COMMITTEE

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The Town Chair with the approval of the Town Board appointed the following people to serve on a Economic Development Committee which meets the first Wednesday of each month at 6:00 PM. Their focus is community growth on commercial, residential and business growth. They are also a volunteer group.

Chair Patricia Frohrib  
1862 Sunkist Road

Vice Chair Nick Sylvia  
2822 Pine Ridge Road

Member Audra Hoy  
275 Thackery Drive

Member Tim Eddy  
3062 Woodridge Drive

Member Jeff Krueger  
3180 Omro Road

Member Allison Gamble  
3365 Nelson Road

## POLLING LOCATIONS

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Town of Algoma Polling Places	Hours
Algoma Municipal Building 15 N. Oakwood Road Oshkosh, WI 54904	7:00 AM—8:00 PM
All Saints Lutheran Church 1072 Honey Creek Road Oshkosh, WI 54904	7:00 AM—8:00 PM

### Registering to vote

If you haven't voted in the Town of Algoma, you must register to vote. This can be done in the clerk's office during regular business hours, on Election Day at the polls or on [myvote.wi.gov](http://myvote.wi.gov). Be sure to bring your photo identification and proof of residency when registering to vote.

To register to vote you must meet the following criteria:

1. You must be 18 years of age on or before Election Day.
2. You must have been a resident of the town a minimum of 10 consecutive days prior to Election Day with no present intent to move.
3. You must be a United States Citizen.
4. You cannot be a convicted felon still required to report to a probation or parole officer.



## ADDITIONAL VOTING INFORMATION

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### 6<sup>th</sup> Congressional District

Glenn Grothman (R)

1217 Longworth H.O.B.

Washington, DC 20515

(202) 225-2476

24 West Pioneer Road

Fond Du Lac, WI 54935

(920) 907-0624

Town of Algoma State Senators are:

### Senators of the 113th Congress

Tammy Baldwin, (D)

709 Hart Senate Office Building

Washington, D.C. 20510

(202) 224-5653

[www.baldwin.senate.gov/contact](http://www.baldwin.senate.gov/contact)

Ron Johnson (R)

328 Hart Senate Office Building

Washington, D.C. 20510

(202) 224-5323

[www.romjohnson.senate.gov/public/index.cfm/contact](http://www.romjohnson.senate.gov/public/index.cfm/contact)

# ALGOMA SANITARY DISTRICT #1 OFFICIALS

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COMMISSION PRESIDENT	Jim Savinski 2763 Oakwood Circle	(920) 426-3755
COMMISSIONER	Peter Cernohous 1556 Hayden Drive	(920) 651-0636
SECRETARY	Chad Hayes 4385 Harbor Village Drive Omro, WI 54963	(920) 379-8610
UTILITY DIRECTOR	Kevin Mraz 3477 Miller Drive	(920) 426-0335
TREASURER	Peter Cernohous 3477 Miller Drive	(920) 426-0335
WATER/ WASTEWATER OPERATORS	Dan Benson 3477 Miller Drive	(920) 426-0335
	Mike Humbert 3477 Miller Drive	(920) 426-0335
	Ethan Firgens 3477 Miller Drive	(920) 426-0335
UTILITY CLERK	Sara Gonzales 3477 Miller Drive	(920) 426-0335
ACCOUNTING MANAGER	Michael Claffey 3477 Miller Drive	(920) 426-0335

# ALGOMA SANITARY DISTRICT #1 INFORMATION

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Sanitary District meetings are held at  
Algoma Sanitary District #1  
3477 Miller Drive  
Oshkosh, WI 54904  
Second Thursday of each month at 12:00 PM  
**All meetings are open to the public**

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## **District Office Hours**

The office is open Monday through Friday  
8:00 AM –12:00 PM & 12:30 PM - 4:30 PM

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Office Number	(920) 426-0335
Emergency Pager	(920) 258-1030
Fax	(920) 426-1181
E mail:	<a href="mailto:district.office@algotmasd.org">district.office@algotmasd.org</a>
Website Address	<a href="http://www.algotmasd.org">http://www.algotmasd.org</a>

Town of Algoma  
Winnebago County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

# Town of Algoma Winnebago County, Wisconsin

DECEMBER 31, 2017

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## Independent auditors' report

To the Town Board  
Town of Algoma  
Winnebago County, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Algoma, Winnebago County, Wisconsin (the "Town") as of and for the year ended December 31, 2017, 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 aggregate remaining fund information of the Town as of December 31, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 29 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.

## **REPORT ON SUMMARIZED FINANCIAL INFORMATION**

We have previously audited the Town's 2016 financial statements, and our report dated April 19, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 March 19, 2018, 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 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 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.

Schenck SL

Certified Public Accountants

Green Bay, Wisconsin

March 19, 2018

## BASIC FINANCIAL STATEMENTS

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# Town of Algoma Winnebago County, Wisconsin

## STATEMENT OF NET POSITION DECEMBER 31, 2017 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	Governmental Activities	
	2017	2016
<b>ASSETS</b>		
Cash and investments	\$ 2,484,538	\$ 2,171,601
Receivables		
Taxes and special charges	532,423	168,387
Accounts	10	1,019
Special assessments	16,200	101,821
Prepaid items	16,159	12,949
Restricted assets		
Cash and investments	194,008	177,989
Capital assets, nondepreciable	479,213	368,090
Capital assets, depreciable	4,060,700	4,254,646
Total assets	<u>7,783,251</u>	<u>7,256,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related amounts	<u>38,967</u>	<u>45,127</u>
<b>LIABILITIES</b>		
Accounts payable	58,308	39,278
Accrued and other current liabilities	20,635	22,197
Special deposits	37,066	30,871
Long-term obligations		
Net pension liability	<u>4,245</u>	<u>7,374</u>
Total liabilities	<u>120,254</u>	<u>99,720</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for subsequent year	1,069,150	1,061,760
Special charges levied for subsequent year	361,325	-
Pension related amounts	<u>13,396</u>	<u>15,518</u>
Total deferred inflows of resources	<u>1,443,871</u>	<u>1,077,278</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,539,913	4,622,736
Restricted	193,319	154,371
Unrestricted	<u>1,524,861</u>	<u>1,347,524</u>
Total net position	<u>\$ 6,258,093</u>	<u>\$ 6,124,631</u>

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

# Town of Algoma Winnebago County, Wisconsin

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 335,485	\$ 90,448	\$ -	\$ -
Public safety	426,378	41,912	20,240	-
Public works	997,892	454,978	100,498	-
Health and human services	2,852	-	27,232	-
Culture and recreation	25,060	15,803	-	18,875
Conservation and development	10,482	1,450	-	-
<b>Total governmental activities</b>	<b>\$ 1,798,149</b>	<b>\$ 604,591</b>	<b>\$ 147,970</b>	<b>\$ 18,875</b>
General revenues				
Taxes				
Property 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**

**Governmental Activities**

<u>2017</u>	<u>2016</u>
\$ (245,037)	\$ (275,748)
(364,226)	(363,958)
(442,416)	(459,513)
24,380	21,916
9,618	46,598
<u>(9,032)</u>	<u>(10,797)</u>
<u>\$ (1,026,713)</u>	<u>\$ (1,041,502)</u>
1,061,785	1,042,597
76,618	61,640
12,869	10,108
8,303	2,366
<u>600</u>	<u>2,000</u>
<u>1,160,175</u>	<u>1,118,711</u>
133,462	77,209
<u>6,124,631</u>	<u>6,047,422</u>
<u>\$ 6,258,093</u>	<u>\$ 6,124,631</u>

# Town of Algoma Winnebago County, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	General	Other Governmental Funds	Totals	
			2017	2016
<b>ASSETS</b>				
Cash and investments	\$ 2,484,538	\$ -	\$ 2,484,538	\$ 2,171,601
Restricted cash and investments	100,499	93,509	194,008	177,989
Receivables				
Taxes and special charges	532,423	-	532,423	168,387
Accounts	10	-	10	1,019
Special assessments	16,200	-	16,200	101,821
Due from other funds	68	470	538	6,234
Prepaid items	16,159	-	16,159	12,949
<b>Total assets</b>	<b>\$ 3,149,897</b>	<b>\$ 93,979</b>	<b>\$ 3,243,876</b>	<b>\$ 2,640,000</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 57,217	\$ 1,091	\$ 58,308	\$ 39,278
Accrued and other current liabilities	20,635	-	20,635	22,197
Due to other funds	470	68	538	6,234
Special deposits	37,066	-	37,066	30,871
<b>Total liabilities</b>	<b>115,388</b>	<b>1,159</b>	<b>116,547</b>	<b>98,580</b>
Deferred inflows of resources				
Property taxes levied for subsequent year	1,069,150	-	1,069,150	1,061,760
Special charges levied for subsequent year	361,325	-	361,325	-
Special assessments	16,200	-	16,200	57,624
<b>Total deferred inflows of resources</b>	<b>1,446,675</b>	<b>-</b>	<b>1,446,675</b>	<b>1,119,384</b>
Fund balances				
Nonspendable	16,159	-	16,159	12,949
Restricted	100,499	92,820	193,319	154,371
Committed	448,523	-	448,523	468,511
Assigned	30,000	-	30,000	10,000
Unassigned	992,653	-	992,653	776,205
<b>Total fund balances</b>	<b>1,587,834</b>	<b>92,820</b>	<b>1,680,654</b>	<b>1,422,036</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,149,897</b>	<b>\$ 93,979</b>	<b>\$ 3,243,876</b>	<b>\$ 2,640,000</b>

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

# Town of Algoma Winnebago County, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 1,680,654	\$ 1,422,036
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.	4,539,913	4,622,736
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	16,200	57,624
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	38,967	45,127
Deferred inflows related to pensions	(13,396)	(15,518)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	<u>(4,245)</u>	<u>(7,374)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 6,258,093</u>	<u>\$ 6,124,631</u>

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

# Town of Algoma Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Other Governmental Funds	Totals	
			2017	2016
<b>REVENUES</b>				
Taxes	\$ 1,061,955	\$ -	\$ 1,061,955	\$ 1,042,597
Special assessments	41,423	-	41,423	184,103
Intergovernmental	204,348	-	204,348	193,690
Licenses and permits	126,505	-	126,505	107,347
Fines and forfeits	-	-	-	123
Public charges for services	455,392	15,615	471,007	451,911
Miscellaneous	47,292	20,505	67,797	88,026
Total revenues	<u>1,936,915</u>	<u>36,120</u>	<u>1,973,035</u>	<u>2,067,797</u>
<b>EXPENDITURES</b>				
Current				
General government	371,013	-	371,013	361,012
Public safety	361,538	16,298	377,836	350,711
Public works	869,085	-	869,085	896,999
Health and human services	2,852	-	2,852	3,068
Culture and recreation	83,149	-	83,149	35,568
Conservation and development	10,482	-	10,482	11,197
Total expenditures	<u>1,698,119</u>	<u>16,298</u>	<u>1,714,417</u>	<u>1,658,555</u>
Net change in fund balances	238,796	19,822	258,618	409,242
Fund balances - January 1	<u>1,349,038</u>	<u>72,998</u>	<u>1,422,036</u>	<u>1,012,794</u>
Fund balances - December 31	<u>\$ 1,587,834</u>	<u>\$ 92,820</u>	<u>\$ 1,680,654</u>	<u>\$ 1,422,036</u>

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

# Town of Algoma Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ 258,618	\$ 409,242
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	357,420	151,859
Depreciation expense reported in the statement of activities	(440,243)	(431,393)
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.	(41,424)	(49,868)
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:		
Net pension liability	3,129	(18,588)
Deferred outflows of resources related to pensions	(6,160)	31,475
Deferred inflows of resources related to pensions	<u>2,122</u>	<u>(15,518)</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 133,462</u>	<u>\$ 77,209</u>

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

# Town of Algoma

## Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 1,061,750	\$ 1,061,750	\$ 1,061,955	\$ 205	\$ 1,042,597
Special assessments	40,397	40,397	41,423	1,026	184,103
Intergovernmental	191,462	191,462	204,348	12,886	193,690
Licenses and permits	56,920	56,920	126,505	69,585	107,347
Fines and forfeits	-	-	-	-	123
Public charges for services	454,856	454,856	455,392	536	449,466
Intergovernmental charges for services	1,000	1,000	-	(1,000)	-
Miscellaneous	8,685	8,685	47,292	38,607	74,969
<b>Total revenues</b>	<b>1,815,070</b>	<b>1,815,070</b>	<b>1,936,915</b>	<b>121,845</b>	<b>2,052,295</b>
<b>EXPENDITURES</b>					
Current					
General government	395,283	435,283	371,013	64,270	361,012
Public safety	367,927	367,927	361,538	6,389	337,153
Public works	999,320	1,229,320	869,085	360,235	896,999
Health and human services	5,700	5,700	2,852	2,848	3,068
Culture and recreation	22,520	122,520	83,149	39,371	23,664
Conservation and development	24,320	64,320	10,482	53,838	11,197
<b>Total expenditures</b>	<b>1,815,070</b>	<b>2,225,070</b>	<b>1,698,119</b>	<b>526,951</b>	<b>1,633,093</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(410,000)</b>	<b>238,796</b>	<b>648,796</b>	<b>419,202</b>
<b>Fund balance - January 1</b>	<b>1,349,038</b>	<b>1,349,038</b>	<b>1,349,038</b>	<b>-</b>	<b>929,836</b>
<b>Fund balance - December 31</b>	<b>\$ 1,349,038</b>	<b>\$ 939,038</b>	<b>\$ 1,587,834</b>	<b>\$ 648,796</b>	<b>\$ 1,349,038</b>

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

# Town of Algoma Winnebago County, Wisconsin

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2017  
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016**

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	Agency Fund Tax Collection Fund	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and investments	\$ 7,173,840	\$ 6,418,980
Receivables		
Taxes	<u>4,598,774</u>	<u>5,429,809</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,772,614</u>	<u>\$ 11,848,789</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 10,478	\$ -
Due to other governments	<u>11,762,136</u>	<u>11,848,789</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 11,772,614</u>	<u>\$ 11,848,789</u>

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

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Algoma, Winnebago 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 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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include the general fund. 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, except those accounted for in another fund.

Additionally, the Town reports the following fund type:

- ▶ 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*, 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 Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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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.

### 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/Receivable

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

#### 2. 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.

#### 3. 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 2017 tax roll are recognized as revenue in 2018.) Special assessments are subject to collection procedures.

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### 4. Interfund Receivables and Payables

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

### 5. Prepaid Items

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

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

### 6. 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 cost of \$10,000 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. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

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

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

Assets	Governmental Activities Years
Land improvements	15 - 40
Buildings	40
Equipment and vehicles	15
Infrastructure	15

### 7. 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.

### 8. 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 Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### 9. 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 an 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 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 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 Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### F. 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, 2016, from which the summarized information was derived.

### G. 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.

## 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. A public hearing is held to obtain taxpayer comments. Following the public hearing, 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 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 by major departmental classifications. Amendments to the budget during the year can only be made 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, 2017.

### B. 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 2017 and 2018 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 2017 budget was 1.01%. The actual limit for the Town for the 2018 budget was .70%. 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 Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the Town's cash and investments totaled \$9,852,386 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 186
Deposits with financial institutions	9,752,001
Beneficial interest in investments held by Community Foundation	100,199
	<u>\$ 9,852,386</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 2,484,538
Restricted cash and investments	194,008
Fiduciary Fund Statement of Net Position	
Agency fund	7,173,840
	<u>\$ 9,852,386</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 has the following fair value measurements as of December 31, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Beneficial interest in investments held by Community Foundation	\$ -	\$ -	\$ 100,199

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 Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### **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, 2017, \$8,531,728 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits and were collateralized with securities held by the pledging financial institution but not in the Town's name.

### **Beneficial Interest in Investments Held by Community Foundation**

Beneficial interest in investments held by Community Foundation represents amounts held at the Oshkosh Area Community Foundation, Inc. for Jones Park 2017 Fund. The purpose of the Fund is primarily to pay expenses of the Town of Algoma Jones Park project. These investments are the legal assets of the Foundation, and the Foundation has explicit authority to redirect the assets of the Fund.

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$194,008 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
General Fund		
Park equipment	\$ 300	To be used for the purchase of a park bench
Park improvements	100,199	To account for donations received for Jones Park improvements
Total General Fund	<u>100,499</u>	
Special Revenue Funds		
Park improvements	61,903	To account for park impact fees collected for park improvements
Fire department	24,962	To account for fire department fundraisers and donations to be used for fire department expenditures
First responders	6,644	To account for first responder fundraisers and donations to be used for first responder expenditures
Total Special Revenue Funds	<u>93,509</u>	
Total	<u>\$ 194,008</u>	

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 341,740	\$ -	\$ -	\$ 341,740
Construction in progress	26,350	111,123	-	137,473
Total capital assets, not being depreciated	<u>368,090</u>	<u>111,123</u>	<u>-</u>	<u>479,213</u>
Capital assets, being depreciated:				
Land improvements	303,622	43,664	-	347,286
Buildings and improvements	399,779	40,395	-	440,174
Machinery and equipment	991,179	-	-	991,179
Infrastructure	5,641,254	162,238	-	5,803,492
Subtotals	<u>7,335,834</u>	<u>246,297</u>	<u>-</u>	<u>7,582,131</u>
Less accumulated depreciation for:				
Land improvements	63,370	9,856	-	73,226
Buildings and improvements	276,103	10,584	-	286,687
Machinery and equipment	745,186	41,917	-	787,103
Infrastructure	1,996,529	377,886	-	2,374,415
Subtotals	<u>3,081,188</u>	<u>440,243</u>	<u>-</u>	<u>3,521,431</u>
Total capital assets, being depreciated, net	<u>4,254,646</u>	<u>(193,946)</u>	<u>-</u>	<u>4,060,700</u>
Governmental activities capital assets, net	<u>\$ 4,622,736</u>	<u>\$ (82,823)</u>	<u>\$ -</u>	<u>\$ 4,539,913</u>

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

Governmental activities	
General government	\$ 3,958
Public safety	48,542
Public works	384,410
Culture and recreation	3,333
Total depreciation expense - governmental activities	<u>\$ 440,243</u>

### D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	Interfund Receivables	Interfund Payables
Operating accounts between funds		
Governmental Funds		
General	\$ 68	\$ 470
Fire	470	68
Subtotal	<u>\$ 538</u>	<u>\$ 538</u>

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### E. LONG-TERM OBLIGATIONS

The Town had no long-term obligations at December 31, 2017.

#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2017 was \$32,004,245 as follows:

Equalized valuation of the Town	\$ 640,084,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>32,004,245</u>
Total outstanding general obligation debt applicable to debt limitation	-
Legal margin for new debt	<u>\$ 32,004,245</u>

### F. PENSION PLAN

#### 1. Plan Description

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

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

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

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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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)

### 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 remained 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, 2016, the WRS recognized \$6,709 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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

At December 31, 2017, the Town reported a liability of \$4,245 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Town's proportion was 0.00051505%, which was an increase of 0.00006127% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$11,408.

At December 31, 2017, 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	\$ 1,619	\$ 13,351
Net differences between projected and actual earnings on pension plan investments	21,132	-
Changes in assumptions	4,439	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,325	45
Employer contributions subsequent to the measurement date	10,452	-
Total	<u>\$ 38,967</u>	<u>\$ 13,396</u>

\$10,452 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,		
2017	\$	6,114
2018		6,114
2019		4,139
2020		(1,255)
2021		7
Total	<u>\$</u>	<u>15,119</u>

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### 5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability:	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

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

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

**Single Discount Rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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)	\$ 55,849	\$ 4,245	\$ (35,492)

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

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### 6. Payables to the Pension Plan

At December 31, 2017, the Town did not report a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

### G. 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, 2017, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Prepaid items	\$ 16,159
	<u>16,159</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, 2017, restricted fund balance was as follows:

General Fund	
Restricted for	
Park bench	\$ 300
Jones Park improvements	100,199
Total General Fund Restricted Fund Balance	<u>100,499</u>
Special Revenue Funds	
Restricted for	
Fire	24,273
First Responders	6,644
Dedication Fees	61,903
Total Special Revenue Funds Restricted Fund Balance	<u>92,820</u>
Total Restricted Fund Balance	<u>\$ 193,319</u>

#### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2017, General Fund balance was committed as follows:

General Fund	
Committed for	
Fire equipment	\$ 70,023
Jones Park	140,000
Comprehensive plan update	21,000
Town and economic brand	17,500
Public works	200,000
Total General Fund Committed Fund Balance	<u>\$ 448,523</u>

# Town of Algoma Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
Assigned for revaluation	<u>\$ 30,000</u>

### Minimum General Fund Balance Policy

The Town has also adopted a minimum fund balance policy of 20% of budgeted operating expenditures for the subsequent year for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2018 Budgeted Operating Expenditures	\$ 2,586,990
Minimum Fund Balance %	(x) 20%
Minimum Fund Balance Amount	<u>\$ 517,398</u>

The Town's unassigned general fund balance of \$992,653 is above the minimum fund balance amount. The Town's unassigned fund balance includes \$506,000 of policy reserves and \$225,000 bank balance minimum requirement.

### Net Position

The Town reports restricted net position at December 31, 2017 as follows:

Governmental Activities	
Restricted for	
Park bench	\$ 300
Jones Park improvements	100,199
Fire	24,273
First responders	6,644
Dedication fees	61,903
Total Governmental Activities Restricted Net Position	<u>\$ 193,319</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.

REQUIRED SUPPLEMENTARY INFORMATION

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# Town of Algoma

## Winnebago County, Wisconsin

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00045656%	\$ (11,214)	\$ 42,318	26.50%	102.74%
12/31/16	0.00045378%	7,374	77,420	9.52%	98.20%
12/31/17	0.00051505%	4,245	101,652	4.18%	99.12%

### 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-Employee Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 5,265	\$ 5,265	\$ -	\$ 77,420	6.80%
12/31/16	6,709	6,709	-	101,652	6.60%
12/31/17	10,452	10,452	-	153,701	6.80%

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## SUPPLEMENTARY INFORMATION

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# Town of Algoma Winnebago County, Wisconsin

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Special Revenue			Totals	
	Fire	First Responders	Dedication Fees	2017	2016
<b>ASSETS</b>					
Restricted cash and investments	\$ 24,962	\$ 6,644	\$ 61,903	\$ 93,509	\$ 96,616
Receivables					
Accounts	-	-	-	-	356
Due from other funds	470	-	-	470	-
Total assets	<u>\$ 25,432</u>	<u>\$ 6,644</u>	<u>\$ 61,903</u>	<u>\$ 93,979</u>	<u>\$ 96,972</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 1,091	\$ -	\$ -	\$ 1,091	\$ 1,369
Due to other funds	68	-	-	68	6,234
Special deposits	-	-	-	-	16,371
Total liabilities	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>1,159</u>	<u>23,974</u>
Fund balances					
Restricted	<u>24,273</u>	<u>6,644</u>	<u>61,903</u>	<u>92,820</u>	<u>72,998</u>
Total liabilities and fund balances	<u>\$ 25,432</u>	<u>\$ 6,644</u>	<u>\$ 61,903</u>	<u>\$ 93,979</u>	<u>\$ 96,972</u>

# Town of Algoma Winnebago County, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue			Totals	
	Fire	First Responders	Dedication Fees	2017	2016
<b>REVENUES</b>					
Public charges for services	\$ -	\$ -	\$ 15,615	\$ 15,615	\$ 2,445
Miscellaneous	16,512	3,805	188	20,505	13,057
<b>Total revenues</b>	<b>16,512</b>	<b>3,805</b>	<b>15,803</b>	<b>36,120</b>	<b>15,502</b>
<b>EXPENDITURES</b>					
Current					
Public safety	12,351	3,947	-	16,298	13,558
Culture and recreation	-	-	-	-	11,904
<b>Total expenditures</b>	<b>12,351</b>	<b>3,947</b>	<b>-</b>	<b>16,298</b>	<b>25,462</b>
<b>Net change in fund balances</b>	<b>4,161</b>	<b>(142)</b>	<b>15,803</b>	<b>19,822</b>	<b>(9,960)</b>
<b>Fund balances - January 1</b>	<b>20,112</b>	<b>6,786</b>	<b>46,100</b>	<b>72,998</b>	<b>82,958</b>
<b>Fund balances - December 31</b>	<b>\$ 24,273</b>	<b>\$ 6,644</b>	<b>\$ 61,903</b>	<b>\$ 92,820</b>	<b>\$ 72,998</b>