



# 2018 Annual Report

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Town of Algoma  
Winnebago County, Wisconsin  
December 31, 2018

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ANNUAL REPORT  
For the Town of Algoma

For the year ending  
December 31, 2018

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

MEETING	LOCATION	DAYS/TIMES
<b>Annual Meeting</b>	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
<b>Economic Development Meeting</b>	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Every First Wednesday at 6:00 PM
<b>Planning Commission Meeting</b>	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Every Second Wednesday at 6:00 PM
<b>Town Board Meeting</b>	Algoma Town Hall 15 N Oakwood Road Oshkosh, WI 54904	Every Third Wednesday at 6:00 PM
<b>Parks Committee Meeting</b>	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

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

<b>ASST. FIRE CHIEF</b>	Keith Breu 2622 Omro Road	(920) 233-5905
<b>FIRE INSPECTORS</b>	Scott Groth 2622 Omro Road	(920) 233-5905
	Kevin Sawicki 2622 Omro Road	(920) 233-5905
	Paul Friday 2622 Omro Road	(920) 233-5905
<b>1ST RESPONDER CHAIR</b>	Kevin Sawicki 2622 Omro Road	(920) 233-5905
<b>ROAD/DRAINAGE COORDINATOR</b>	Open Position	
<b>ASSESSOR</b>	Action Appraisers P.O. Box 557 Kaukauna, WI 54130	(920) 766-7323
<b>BUILDING INSPECTOR</b>	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

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 check zoning changes, look at conditional use permits and check that variances follow 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	Ian McDonald 3041 Rosewood Lane



## PARKS COMMITTEE

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

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	Allison Gamble 3365 Nelson Road
Member	Audra Hoy 275 Thackery Drive
Member	Tim Eddy 3062 Woodridge Drive
Member	Jeff Krueger 3180 Omro Road
Member	Sara Vollbrecht 1600 Rasmussen Road

## POLLING LOCATIONS

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

There are **ten** wards and **three** County Supervisory Districts in the Town of Algoma. For the voters and for reporting purposes to the County, our wards are combined, except when voting on information pertaining to County Board Supervisory Districts and schools. Most of the town is in the Oshkosh Area School District, but there are a few voters that fall within the Omro School District.

### **Town of Algoma County Supervisors are as follows:**

#### 24th County Supervisory District

Andy Buck 3022 Clairville Road, Oshkosh, WI 54904  
Wards 1,7,& 9

#### 31st County Supervisory District

Joel Rasmussen 3297 Creek Side Drive, Oshkosh, WI 54904  
Wards 2,3,4,5,6 & 8 (920) 410-2311

#### 32nd County Supervisory District

Robert Keller 975 E. County Road Z, Oshkosh, WI 54902  
Ward 10 (920)379-0717

### **Town of Algoma State Representatives are as follows:**

#### 53<sup>rd</sup> Assembly District

Mike Schraa (R) Room107 West, Capital  
P.O. Box 895  
Madison, WI 53708  
(608) 267-7990 or 1-888-534-0053  
Rep.Schraa@legis.wisconsin.gov

#### 18<sup>th</sup> Senate District

Dan Feyen (R) Room 306 South, Capital  
P.O. Box 7882  
Madison, WI 53707  
(608) 266-5300



## ADDITIONAL VOTING INFORMATION

### 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

### 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.ronjohnson.senate.gov/public/index.cfm/contact](http://www.ronjohnson.senate.gov/public/index.cfm/contact)

## ALGOMA SANITARY DISTRICT #1 OFFICIALS

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

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@algomasd.org">district.office@algomasd.org</a>
Website Address	<a href="http://www.algomasd.org">http://www.algomasd.org</a>

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Town of Algoma  
Winnebago County, Wisconsin

**ANNUAL FINANCIAL REPORT**

December 31, 2018

# Town of Algoma Winnebago County, Wisconsin

DECEMBER 31, 2018

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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 ("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 aggregate 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 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.

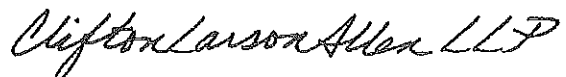
### **Prior Year Summarized Financial Information**

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated March 19, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin

April 10, 2019

## BASIC FINANCIAL STATEMENTS

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# Town of Algoma

## Winnebago County, Wisconsin

### STATEMENT OF NET POSITION DECEMBER 31, 2018 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2017

	Governmental Activities	
	2018	2017
<b>ASSETS</b>		
Cash and investments	\$ 2,493,662	\$ 2,484,538
Receivables		
Taxes and special charges	682,549	532,423
Accounts	-	10
Special assessments	6,215	16,200
Prepaid items	16,289	16,159
Restricted assets		
Cash and investments	85,523	194,008
Net pension asset	22,724	-
Capital assets, nondepreciable	518,423	479,213
Capital assets, depreciable	4,543,686	4,060,700
Total assets	<u>8,369,071</u>	<u>7,783,251</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related amounts	<u>44,787</u>	<u>38,967</u>
<b>LIABILITIES</b>		
Accounts payable	151,151	58,308
Accrued and other current liabilities	22,886	20,635
Special deposits	38,611	37,066
Long-term obligations		
Due within one year	120,000	-
Due in more than one year	480,000	-
Net pension liability	-	4,245
Total liabilities	<u>812,648</u>	<u>120,254</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for subsequent year	1,216,665	1,069,150
Special charges levied for subsequent year	365,173	361,325
Pension related amounts	46,353	13,396
Total deferred inflows of resources	<u>1,628,191</u>	<u>1,443,871</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,462,109	4,539,913
Restricted	108,058	193,319
Unrestricted	1,402,852	1,524,861
Total net position	<u>\$ 5,973,019</u>	<u>\$ 6,258,093</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, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 361,556	\$ 91,519	\$ -	\$ -
Public safety	437,433	27,899	19,309	-
Public works	1,237,740	367,441	108,117	-
Health and human services	2,775	-	26,889	-
Culture and recreation	33,092	12,268	-	2,100
Conservation and development	33,555	2,550	-	-
Interest and fiscal charges	1,633	-	-	-
Total governmental activities	<u>\$ 2,107,784</u>	<u>\$ 501,677</u>	<u>\$ 154,315</u>	<u>\$ 2,100</u>
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**

**2018**

**2017**

\$ (270,037)	\$ (245,037)
(390,225)	(364,226)
(762,182)	(442,416)
24,114	24,380
(18,724)	9,618
(31,005)	(9,032)
(1,633)	-

\$ (1,449,692)    \$ (1,026,713)

1,069,313    1,061,785

61,154    76,618

21,237    12,869

12,914    8,303

-    600

1,164,618    1,160,175

(285,074)    133,462

6,258,093    6,124,631

\$ 5,973,019    \$ 6,258,093



# Town of Algoma

## Winnebago County, Wisconsin

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	General	Other Governmental Funds	Totals	
			2018	2017
<b>ASSETS</b>				
Cash and investments	\$ 2,493,662	\$ -	\$ 2,493,662	\$ 2,484,538
Restricted cash and investments	3,332	82,191	85,523	194,008
Receivables				
Taxes and special charges	682,549	-	682,549	532,423
Accounts	-	-	-	10
Special assessments	6,215	-	6,215	16,200
Due from other funds	-	176	176	538
Prepaid items	16,289	-	16,289	16,159
Total assets	<u>\$ 3,202,047</u>	<u>\$ 82,367</u>	<u>\$ 3,284,414</u>	<u>\$ 3,243,876</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 150,786	\$ 365	\$ 151,151	\$ 58,308
Accrued and other current liabilities	22,886	-	22,886	20,635
Due to other funds	176	-	176	538
Special deposits	38,611	-	38,611	37,066
Total liabilities	<u>212,459</u>	<u>365</u>	<u>212,824</u>	<u>116,547</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	1,216,665	-	1,216,665	1,069,150
Special charges levied for subsequent year	365,173	-	365,173	361,325
Special assessments	6,215	-	6,215	16,200
Total deferred inflows of resources	<u>1,588,053</u>	<u>-</u>	<u>1,588,053</u>	<u>1,446,675</u>
Fund balances				
Nonspendable	16,289	-	16,289	16,159
Restricted	3,332	82,002	85,334	193,319
Committed	352,345	-	352,345	448,523
Assigned	40,000	-	40,000	30,000
Unassigned	989,569	-	989,569	992,653
Total fund balances	<u>1,401,535</u>	<u>82,002</u>	<u>1,483,537</u>	<u>1,680,654</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,202,047</u>	<u>\$ 82,367</u>	<u>\$ 3,284,414</u>	<u>\$ 3,243,876</u>

*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, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 1,483,537	\$ 1,680,654
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.	5,062,109	4,539,913
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	6,215	16,200
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	44,787	38,967
Deferred inflows related to pensions	(46,353)	(13,396)
Long-term assets are not considered available and; therefore, are not reported in the funds.		
Net pension asset	22,724	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(600,000)	-
Net pension liability (asset)	<u>-</u>	<u>(4,245)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 5,973,019</u>	<u>\$ 6,258,093</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, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Other Governmental Funds	Totals	
			2018	2017
<b>REVENUES</b>				
Taxes	\$ 1,069,354	\$ -	\$ 1,069,354	\$ 1,061,955
Special assessments	9,986	-	9,986	41,423
Intergovernmental	196,160	-	196,160	204,348
Licenses and permits	112,690	-	112,690	126,505
Public charges for services	367,291	11,490	378,781	471,007
Miscellaneous	45,493	20,231	65,724	67,797
Total revenues	<u>1,800,974</u>	<u>31,721</u>	<u>1,832,695</u>	<u>1,973,035</u>
<b>EXPENDITURES</b>				
Current				
General government	357,009	-	357,009	371,013
Public safety	371,352	17,539	388,891	377,836
Public works	970,390	-	970,390	869,085
Health and human services	2,775	-	2,775	2,852
Culture and recreation	70,608	-	70,608	83,149
Conservation and development	33,555	-	33,555	10,482
Debt service				
Interest and fiscal charges	1,633	-	1,633	-
Capital outlay	804,951	-	804,951	-
Total expenditures	<u>2,612,273</u>	<u>17,539</u>	<u>2,629,812</u>	<u>1,714,417</u>
Excess of revenues over (under) expenditures	<u>(811,299)</u>	<u>14,182</u>	<u>(797,117)</u>	<u>258,618</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	600,000	-	600,000	-
Transfers in	25,000	-	25,000	-
Transfers out	-	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>625,000</u>	<u>(25,000)</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	<u>(186,299)</u>	<u>(10,818)</u>	<u>(197,117)</u>	<u>258,618</u>
Fund balances - January 1	<u>1,587,834</u>	<u>92,820</u>	<u>1,680,654</u>	<u>1,422,036</u>
Fund balances - December 31	<u>\$ 1,401,535</u>	<u>\$ 82,002</u>	<u>\$ 1,483,537</u>	<u>\$ 1,680,654</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, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	2018	2017
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ (197,117)	\$ 258,618
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	978,842	357,420
Depreciation expense reported in the statement of activities	(456,646)	(440,243)
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.	(9,985)	(41,424)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(600,000)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Net pension asset	22,724	-
Net pension liability	4,245	3,129
Deferred outflows of resources related to pensions	5,820	(6,160)
Deferred inflows of resources related to pensions	(32,957)	2,122
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ (285,074)</u>	<u>\$ 133,462</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, 2018**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget			Variance	
	Original	Final	Actual	Final Budget - Positive (Negative)	2017 Actual
<b>REVENUES</b>					
Taxes	\$ 1,069,150	\$ 1,069,150	\$ 1,069,354	\$ 204	\$ 1,061,955
Special assessments	11,127	11,127	9,986	(1,141)	41,423
Intergovernmental	229,007	229,007	196,160	(32,847)	204,348
Licenses and permits	104,860	104,860	112,690	7,830	126,505
Public charges for services	352,674	352,674	367,291	14,617	455,392
Intergovernmental charges for services	1,000	1,000	-	(1,000)	-
Miscellaneous	23,172	23,172	45,493	22,321	47,292
<b>Total revenues</b>	<b>1,790,990</b>	<b>1,790,990</b>	<b>1,800,974</b>	<b>9,984</b>	<b>1,936,915</b>
<b>EXPENDITURES</b>					
Current					
General government	402,670	402,670	357,009	45,661	371,013
Public safety	371,352	371,352	371,352	-	361,538
Public works	1,138,318	1,138,318	970,390	167,928	869,085
Health and human services	5,700	5,700	2,775	2,925	2,852
Culture and recreation	172,520	110,820	70,608	40,212	83,149
Conservation and development	51,430	68,930	33,555	35,375	10,482
Debt service					
Interest and fiscal charges	-	1,700	1,633	67	-
Capital outlay	745,000	805,000	804,951	49	-
<b>Total expenditures</b>	<b>2,886,990</b>	<b>2,904,490</b>	<b>2,612,273</b>	<b>292,217</b>	<b>1,698,119</b>
Excess of revenues over (under) expenditures	(1,096,000)	(1,113,500)	(811,299)	302,201	238,796
<b>OTHER FINANCING SOURCES</b>					
Long-term debt issued	600,000	600,000	600,000	-	-
Transfers in	125,000	125,000	25,000	(100,000)	-
<b>Total other financing sources</b>	<b>725,000</b>	<b>725,000</b>	<b>625,000</b>	<b>(100,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(371,000)</b>	<b>(388,500)</b>	<b>(186,299)</b>	<b>202,201</b>	<b>238,796</b>
<b>Fund balance - January 1</b>	<b>1,587,834</b>	<b>1,587,834</b>	<b>1,587,834</b>	<b>-</b>	<b>1,349,038</b>
<b>Fund balance - December 31</b>	<b>\$ 1,216,834</b>	<b>\$ 1,199,334</b>	<b>\$ 1,401,535</b>	<b>\$ 202,201</b>	<b>\$ 1,587,834</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, 2018  
 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2017

	Agency Fund Tax Collection Fund	
	2018	2017
<b>ASSETS</b>		
Cash and investments	\$ 6,491,854	\$ 7,173,840
Receivables		
Taxes	5,282,134	4,598,774
Total assets	<u>\$ 11,773,988</u>	<u>\$ 11,772,614</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 4,987	\$ 10,478
Due to other governments	11,769,001	11,762,136
Total liabilities	<u>\$ 11,773,988</u>	<u>\$ 11,772,614</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, 2018

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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, 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.

### 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, Oshkosh Area School District, Winnebago County, Fox Valley Technical College and Algoma Sanitary District #1.

#### 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.

#### 4. Special Assessments

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

# Town of Algoma

## Winnebago County, Wisconsin

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

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#### 5. 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.

#### 6. Prepaid Items

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

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

#### 7. 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

#### 8. 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.

#### 9. Long-term Obligations

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



# Town of Algoma

## Winnebago County, Wisconsin

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

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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.

#### 10. 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.

#### 11. 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.

# Town of Algoma

## Winnebago County, Wisconsin

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

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- ▶ **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.

#### 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, 2017, from which the summarized information was derived.

### 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, 2018.

#### 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 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 0.70%. The actual limit for the Town for the 2019 budget was 1.19%. 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, 2018

#### NOTE 3: DETAILED NOTES ON ALL FUNDS

##### A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the Town's cash and investments totaled \$9,071,039 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 170
Deposits with financial institutions	9,068,037
Beneficial interest in investments held by Community Foundation	2,832
	<u>\$ 9,071,039</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 2,493,662
Restricted cash and investments	85,523
Fiduciary Fund Statement of Net Position	
Agency fund	6,491,854
	<u>\$ 9,071,039</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, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Beneficial interest in investments held by Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,832</u>

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, 2018

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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, 2018, \$7,871,554 of the Town's deposits with financial institutions were in excess of federal and state depository insurance. \$7,871,554 was collateralized with securities held by the pledging financial institution or its trust department or agent 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. The purpose of this funding is primarily to pay expenditures 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, 2018

### B. RESTRICTED ASSETS

Restricted assets on December 31, 2018 totaled \$85,523 and consisted of cash and investments held for the following purposes:

	Amount	Purpose
General Fund		
Park equipment	\$ 500	To be used for the purchase of a park bench
Park improvements	<u>2,832</u>	To account for donations received for Jones Park improvements
Total General Fund	<u>3,332</u>	
Special Revenue Funds		
Park improvements	49,171	To account for park impact fees collected for park improvements
Fire department	25,532	To account for fire department fundraisers and donations to be used for fire department expenditures
First responders	<u>7,488</u>	To account for first responder fundraisers and donations to be used for first responder expenditures
Total Special Revenue Funds	<u>82,191</u>	
Total	<u>\$ 85,523</u>	

### 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, nondepreciable:				
Land	\$ 341,740	\$ -	\$ -	\$ 341,740
Construction in progress	<u>137,473</u>	<u>126,982</u>	<u>87,772</u>	<u>176,683</u>
Total capital assets, nondepreciable	<u>479,213</u>	<u>126,982</u>	<u>87,772</u>	<u>518,423</u>
Capital assets, depreciable:				
Land improvements	347,286	889,632	-	1,236,918
Buildings and improvements	440,174	50,000	-	490,174
Machinery and equipment	991,179	-	-	991,179
Infrastructure	<u>5,803,492</u>	<u>-</u>	<u>-</u>	<u>5,803,492</u>
Subtotals	<u>7,582,131</u>	<u>939,632</u>	<u>-</u>	<u>8,521,763</u>
Less accumulated depreciation for:				
Land improvements	73,226	16,326	-	89,552
Buildings and improvements	286,687	11,504	-	298,191
Machinery and equipment	787,103	41,917	-	829,020
Infrastructure	<u>2,374,415</u>	<u>386,899</u>	<u>-</u>	<u>2,761,314</u>
Subtotals	<u>3,521,431</u>	<u>456,646</u>	<u>-</u>	<u>3,978,077</u>
Total capital assets, depreciable, net	<u>4,060,700</u>	<u>482,986</u>	<u>-</u>	<u>4,543,686</u>
Governmental activities capital assets, net	<u>\$ 4,539,913</u>	<u>\$ 609,968</u>	<u>\$ 87,772</u>	<u>\$ 5,062,109</u>
Less: Capital related debt				<u>600,000</u>
Net investment in capital assets				<u>\$ 4,462,109</u>

# Town of Algoma

## Winnebago 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	\$ 4,379
Public safety	48,542
Public works	394,332
Culture and recreation	9,393
Total depreciation expense - governmental activities	<u>\$ 456,646</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, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating accounts between funds		
Governmental Funds		
General	\$ -	\$ 176
Fire	176	-
Subtotal	<u>\$ 176</u>	<u>\$ 176</u>

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 25,000	\$ -
Dedication Fees	-	25,000

Interfund transfers for the year were made for the following purpose:

Reimburse general fund for Jones Park project costs      \$ 25,000

#### E. LONG-TERM OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Debt					
Notes	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 120,000</u>

Total interest paid during the year on long-term debt totaled \$1,633.

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
General obligation notes	4/1/18	3/31/23	3.50%	\$ 600,000	\$ 600,000

# Town of Algoma

## Winnebago County, Wisconsin

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

Annual principal and interest maturities of the outstanding general obligation debt of \$600,000 on December 31, 2018 are detailed below:

Year Ended December 31,	Principal	Interest
2019	\$ 120,000	\$ 18,083
2020	120,000	13,872
2021	120,000	9,567
2022	120,000	5,308
2023	120,000	1,050
	<u>\$ 600,000</u>	<u>\$ 47,880</u>

#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was \$33,227,145 as follows:

Equalized valuation of the Town	\$ 676,542,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>33,827,145</u>
Total outstanding general obligation debt applicable to debt limitation	<u>600,000</u>
Legal margin for new debt	<u>\$ 33,227,145</u>

#### F. PENSION PLAN

##### 1. Plan Description

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

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

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

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

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

# Town of Algoma

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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

The WRS also provides death and disability benefits for employees.

#### 2. Post-Retirement Adjustments

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

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

#### 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 \$10,600 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 Algoma

## Winnebago 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 a liability (asset) of \$(22,724) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability (asset) was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00076536%, which was an increase of 0.00025031% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$9,946.

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	\$ 28,870	\$ 13,505
Net differences between projected and actual earnings on pension plan investments	-	31,232
Changes in assumptions	4,487	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	830	1,616
Employer contributions subsequent to the measurement date	10,600	-
Total	<u>\$ 44,787</u>	<u>\$ 46,353</u>

\$10,600 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	\$ 2,547
2020	(297)
2021	(8,173)
2022	(6,294)
2023	51
Total	<u>\$ (12,166)</u>

# Town of Algoma Winnebago 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:	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:

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>			
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%
<b>Variable Fund Asset Class</b>			
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 Algoma

## Winnebago 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)	\$ 58,795	\$ (22,724)	\$ (84,682)

**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 did not report a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

#### 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, 2018, nonspendable Fund balance was as follows:

General Fund	
Nonspendable	
Prepaid items	\$ 16,289

# Town of Algoma

## Winnebago County, Wisconsin

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

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#### Restricted Fund Balance

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

General Fund	
Restricted for	
Park bench	\$ 500
Jones Park improvements	2,832
Total General Fund Restricted Fund Balance	<u>3,332</u>
Special Revenue Funds	
Restricted for	
Fire	25,343
First Responders	7,488
Dedication Fees	49,171
Total Special Revenue Funds Restricted Fund Balance	<u>82,002</u>
Total Restricted Fund Balance	<u>\$ 85,334</u>

#### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2018, General Fund balance was committed as follows:

General Fund	
Committed for	
Fire equipment	\$ 170,023
Park upgrades	21,322
Comprehensive plan update	21,000
Public works	140,000
Total General Fund Committed Fund Balance	<u>\$ 352,345</u>

#### Assigned Fund Balance

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

General Fund	
Assigned for revaluation	<u>\$ 40,000</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:

2019 Budgeted Operating Expenditures	\$ 2,451,425
Minimum Fund Balance %	(x) 20%
Minimum Fund Balance Amount	<u>\$ 490,285</u>

The Town's unassigned general fund balance of \$989,569 is above the minimum fund balance amount. The Town's unassigned fund balance includes \$518,215 of policy reserves and \$135,000 bank balance minimum requirement.

# Town of Algoma

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2018

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#### Net Position

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

#### Governmental Activities

##### Restricted for

Park bench	\$ 500
Jones Park improvements	2,832
Fire	25,343
First responders	7,488
Dedication fees	49,171
Net pension asset	22,724
Total Governmental Activities Restricted Net Position	<u>\$ 108,058</u>

### NOTE 4: OTHER INFORMATION

#### A. RISK MANAGEMENT

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

#### B. CONTINGENCIES

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

#### C. UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

## REQUIRED SUPPLEMENTARY INFORMATION

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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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered 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)
12/31/14	0.00045656%	\$ (11,214)	\$ 42,318	26.50%	102.74%
12/31/15	0.00045378%	7,374	77,420	9.52%	98.20%
12/31/16	0.00051505%	4,245	101,652	4.18%	99.12%
12/31/17	0.00076536%	(22,724)	153,701	14.78%	102.93%

### SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered 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%
12/31/18	10,600	10,600	-	158,209	6.70%

### 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, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Special Revenue			Totals	
	Fire	First Responders	Dedication Fees	2018	2017
<b>ASSETS</b>					
Restricted cash and investments	\$ 25,532	\$ 7,488	\$ 49,171	\$ 82,191	\$ 93,509
Due from other funds	176	-	-	176	470
Total assets	<u>\$ 25,708</u>	<u>\$ 7,488</u>	<u>\$ 49,171</u>	<u>\$ 82,367</u>	<u>\$ 93,979</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 365	\$ -	\$ -	\$ 365	\$ 1,091
Due to other funds	-	-	-	-	68
Total liabilities	<u>365</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>1,159</u>
Fund balances					
Restricted	<u>25,343</u>	<u>7,488</u>	<u>49,171</u>	<u>82,002</u>	<u>92,820</u>
Total liabilities and fund balances	<u>\$ 25,708</u>	<u>\$ 7,488</u>	<u>\$ 49,171</u>	<u>\$ 82,367</u>	<u>\$ 93,979</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, 2018  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue			Totals	
	Fire	First Responders	Dedication Fees	2018	2017
<b>REVENUES</b>					
Public charges for services	\$ -	\$ -	\$ 11,490	\$ 11,490	\$ 15,615
Miscellaneous	17,312	2,141	778	20,231	20,505
Total revenues	17,312	2,141	12,268	31,721	36,120
<b>EXPENDITURES</b>					
Current					
Public safety	16,242	1,297	-	17,539	16,298
Excess of revenues over (under) expenditures	1,070	844	12,268	14,182	19,822
<b>OTHER FINANCING USES</b>					
Transfers out	-	-	(25,000)	(25,000)	-
Net change in fund balances	1,070	844	(12,732)	(10,818)	19,822
Fund balances - January 1	24,273	6,644	61,903	92,820	72,998
Fund balances - December 31	<u>\$ 25,343</u>	<u>\$ 7,488</u>	<u>\$ 49,171</u>	<u>\$ 82,002</u>	<u>\$ 92,820</u>

## ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS



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

To the Town Board  
Town of Algoma  
Winnebago 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 aggregate remaining fund information of the Town of Algoma, Winnebago County, Wisconsin (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 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.

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

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

### COMPLIANCE AND OTHER MATTERS

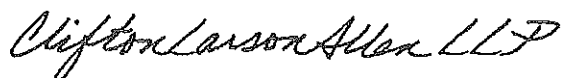
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 ALGOMA'S RESPONSE TO FINDING**

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

#### **PURPOSE OF THIS REPORT**

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

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

**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin  
April 10, 2019

# Town of Algoma

## Winnebago County, Wisconsin

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

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

FINDING NO.	CONTROL DEFICIENCIES
2018-001	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2017-001
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.
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:	The Town Treasurer 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.