

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022



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WINNEBAGO COUNTY, WISCONSIN
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WINNEBAGO COUNTY, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Town Board
Town of Algoma
Winnebago County, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit for the year ended December 31, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 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 GAAS. In our opinion, the combining nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

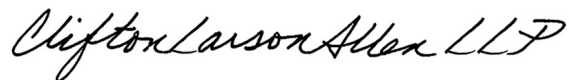
We also previously audited, in accordance with GAAS, the basic financial statements of the Town as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated April 14, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The combining nonmajor fund information for the year ended December 31, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subject to the audit procedures, applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund information is fairly stated in all material respects in relation to the basic financial statements as a whole for the ended December 31, 2021.

Report on Summarized Comparative Information

We have previously audited the Town's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information in our report dated April 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 15, 2023, 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 Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
March 15, 2023

BASIC FINANCIAL STATEMENTS

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	\$ 2,047,176	\$ 1,457,354
Receivables:		
Taxes and Special Charges	1,167,341	668,187
Accounts	-	205
Due from Other Governments	-	240,402
Prepaid items	20,393	18,832
Restricted Assets:		
Cash and Investments	120,725	89,373
Net Pension Asset	85,100	64,188
Capital Assets:		
Nondepreciable	380,908	824,570
Depreciable, Net	10,269,363	10,018,474
Total Assets	14,091,006	13,381,585
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	165,625	108,298
LIABILITIES		
Accounts Payable	120,723	294,428
Accrued and Other Current Liabilities	29,232	30,806
Accrued Interest Payable	82,993	-
Special Deposits	64,122	44,342
Unearned Revenues	198,856	11,573
Bond Anticipation Note Payable	-	3,403,979
Long-Term Obligations:		
Due Within One Year	120,000	120,000
Due in More than One Year	4,124,556	120,000
Total Liabilities	4,740,482	4,025,128
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	1,432,444	1,232,489
Special Charges Levied for Subsequent Year	744,985	411,856
Pension Related Amounts	200,882	141,981
Total Deferred Inflows of Resources	2,378,311	1,786,326
NET POSITION		
Net Investment in Capital Assets	6,405,715	6,980,696
Restricted:		
Park Bench	-	500
Jones Park Improvements	-	3,033
Emergency Services	33,815	19,164
First Responders	-	3,788
Dedication Fees	86,275	62,247
Pension Benefits	85,100	64,188
Unrestricted	526,933	544,813
Total Net Position	\$ 7,137,838	\$ 7,678,429

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2022	2021
GOVERNMENTAL ACTIVITIES						
General Government	\$ 454,613	\$ 84,291	\$ -	\$ -	\$ (370,322)	\$ (297,283)
Public Safety	482,057	44,740	124,002	-	(313,315)	(392,924)
Public Works	1,722,692	441,181	119,515	310,101	(851,895)	2,089,890
Health and Human Services	2,705	-	-	-	(2,705)	(2,715)
Culture and Recreation	68,342	-	-	-	(68,342)	(77,340)
Conservation and Development	32,398	24,228	-	-	(8,170)	28,828
Interest and Fiscal Charges	253,559	-	-	-	(253,559)	(21,684)
Total Governmental Activities	<u>\$ 3,016,366</u>	<u>\$ 594,440</u>	<u>\$ 243,517</u>	<u>\$ 310,101</u>	(1,868,308)	1,326,772
GENERAL REVENUES						
Taxes:						
Property Taxes						
					1,232,751	1,229,340
Federal and State Grants and Other Contributions not Restricted to Specific Functions						
					80,939	76,390
Interest and Investment Earnings						
					7,308	272
Miscellaneous						
					6,719	15,341
Gain on Sale of Asset						
					-	4,195
Total General Revenues						
					<u>1,327,717</u>	<u>1,325,538</u>
CHANGE IN NET POSITION						
					(540,591)	2,652,310
Net Position - Beginning of Year						
					<u>7,678,429</u>	<u>5,026,119</u>
NET POSITION - END OF YEAR						
					<u>\$ 7,137,838</u>	<u>\$ 7,678,429</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

	General	Other Governmental Funds	Totals	
			2022	2021
ASSETS				
Cash and Investments	\$ 2,047,176	\$ -	\$ 2,047,176	\$ 1,457,354
Restricted Cash and Investments	-	120,725	120,725	89,373
Receivables:				
Taxes and Special Charges	1,167,341	-	1,167,341	668,187
Accounts	-	-	-	205
Due from Other Governments	-	-	-	240,402
Prepaid Items	20,393	-	20,393	18,832
	<u>20,393</u>	<u>-</u>	<u>20,393</u>	<u>18,832</u>
Total Assets	<u>\$ 3,234,910</u>	<u>\$ 120,725</u>	<u>\$ 3,355,635</u>	<u>\$ 2,474,353</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 120,088	\$ 635	\$ 120,723	\$ 294,428
Accrued and Other Current Liabilities	29,232	-	29,232	30,806
Special Deposits	64,122	-	64,122	44,342
Unearned Revenues	198,856	-	198,856	11,573
Bond Anticipation Note Payable	-	-	-	3,403,979
Total Liabilities	<u>412,298</u>	<u>635</u>	<u>412,933</u>	<u>3,785,128</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	1,432,444	-	1,432,444	1,232,489
Special Charges Levied for Subsequent Year	744,985	-	744,985	411,856
Total Deferred Inflows of Resources	<u>2,177,429</u>	<u>-</u>	<u>2,177,429</u>	<u>1,644,345</u>
FUND BALANCES				
Nonspendable	20,393	-	20,393	18,832
Restricted	-	120,090	120,090	88,732
Committed	119,652	-	119,652	66,194
Assigned	30,520	-	30,520	10,500
Unassigned	474,618	-	474,618	(3,139,378)
Total Fund Balances	<u>645,183</u>	<u>120,090</u>	<u>765,273</u>	<u>(2,955,120)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,234,910</u>	<u>\$ 120,725</u>	<u>\$ 3,355,635</u>	<u>\$ 2,474,353</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

RECONCILIATION TO THE STATEMENT OF NET POSITION	2022	2021
Total Fund Balances as Shown on Previous Page	\$ 765,273	\$ (2,955,120)
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.	10,650,271	10,843,044
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	165,625	108,298
Deferred Inflows Related to Pensions	(200,882)	(141,981)
Long-term assets are not current financial resources; therefore, are not reported in the funds.		
Net Pension Asset	85,100	64,188
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes Payable	(4,165,000)	(240,000)
Premium on debt	(79,556)	-
Accrued Interest on Long-Term Obligations	(82,993)	-
Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 7,137,838	\$ 7,678,429

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

	General	Other Governmental Funds	Totals	
			2022	2021
REVENUES				
Taxes	\$ 1,232,752	\$ -	\$ 1,232,752	\$ 1,226,049
Special Assessments	4,161	-	4,161	-
Intergovernmental	474,579	-	474,579	716,992
Licenses and Permits	116,863	-	116,863	155,745
Public Charges for Services	433,594	23,040	456,634	423,194
Intergovernmental Charges for Services	120,315	-	120,315	240,402
Miscellaneous	29,652	40,819	70,471	48,023
Total Revenues	<u>2,411,916</u>	<u>63,859</u>	<u>2,475,775</u>	<u>2,810,405</u>
EXPENDITURES				
Current:				
General Government	471,705	-	471,705	388,287
Public Safety	421,294	28,968	450,262	485,512
Public Works	1,139,949	-	1,139,949	854,045
Health and Human Services	2,705	-	2,705	2,715
Culture and Recreation	41,142	-	41,142	33,339
Conservation and Development	32,398	-	32,398	24,168
Debt Service:				
Principal	120,000	-	120,000	120,000
Interest and Fiscal Charges	170,566	-	170,566	21,684
Capital Outlay	451,211	-	451,211	4,177,934
Total Expenditures	<u>2,850,970</u>	<u>28,968</u>	<u>2,879,938</u>	<u>6,107,684</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(439,054)	34,891	(404,163)	(3,297,279)
OTHER FINANCING SOURCES				
Long-Term Debt Issued	4,045,000	-	4,045,000	-
Premium on Debt Issued	79,556	-	79,556	-
Transfers In	-	13,415	13,415	-
Transfers Out	-	(13,415)	(13,415)	-
Total Other Financing Sources	<u>4,124,556</u>	<u>-</u>	<u>4,124,556</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,685,502	34,891	3,720,393	(3,297,279)
Fund Balances - Beginning of Year	<u>(3,040,319)</u>	<u>85,199</u>	<u>(2,955,120)</u>	<u>342,159</u>
FUND BALANCES - END OF YEAR	<u>\$ 645,183</u>	<u>\$ 120,090</u>	<u>\$ 765,273</u>	<u>\$ (2,955,120)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

	2022	2021
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances as Shown on Previous Page	\$ 3,720,393	\$ (3,297,279)
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	657,026	3,817,229
Contributed Capital Assets	-	2,501,523
Depreciation Expense Reported in the Statement of Activities	(849,799)	(507,133)
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.		
	-	(2,500)
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	(4,045,000)	-
Premium on Debt Issued	(79,556)	-
Principal Repaid	120,000	120,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(82,993)	-
Net Pension Asset	20,912	32,366
Deferred Outflows of Resources Related to Pensions	57,327	32,459
Deferred Inflows of Resources Related to Pensions	(58,901)	(44,355)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ (540,591)	\$ 2,652,310

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Budget		Actual	Variance	2021 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 1,232,490	\$ 1,232,490	\$ 1,232,752	\$ 262	\$ 1,226,049
Special Assessments	50,000	50,000	4,161	(45,839)	-
Intergovernmental	612,963	612,963	474,579	(138,384)	716,992
Licenses and Permits	90,531	90,531	116,863	26,332	155,745
Public Charges for Services	395,480	395,480	433,594	38,114	399,329
Intergovernmental Charges for Services	75,000	75,000	120,315	45,315	240,402
Miscellaneous	7,520	7,520	29,652	22,132	25,753
Total Revenues	<u>2,463,984</u>	<u>2,463,984</u>	<u>2,411,916</u>	<u>(52,068)</u>	<u>2,764,270</u>
EXPENDITURES					
Current:					
General Government	492,381	492,381	471,705	20,676	388,287
Public Safety	418,126	418,126	421,294	(3,168)	462,317
Public Works	1,058,314	1,058,314	1,139,949	(81,635)	854,045
Health and Human Services	4,700	4,700	2,705	1,995	2,715
Culture and Recreation	55,020	55,020	41,142	13,878	33,339
Conservation and Development	91,485	91,485	32,398	59,087	24,168
Debt Service:					
Principal	120,000	120,000	120,000	-	120,000
Interest and Fiscal Charges	160,223	160,223	170,566	(10,343)	21,684
Capital Outlay	193,000	193,000	451,211	(258,211)	4,177,934
Total Expenditures	<u>2,593,249</u>	<u>2,593,249</u>	<u>2,850,970</u>	<u>(257,721)</u>	<u>6,084,489</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(129,265)	(129,265)	(439,054)	(309,789)	(3,320,219)
OTHER FINANCING SOURCES					
Long-Term Debt Issued	4,115,000	4,115,000	4,045,000	(70,000)	-
Premium on Debt Issued	-	-	79,556	79,556	-
Total Other Financing Sources	<u>4,115,000</u>	<u>4,115,000</u>	<u>4,124,556</u>	<u>9,556</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,985,735	3,985,735	3,685,502	(300,233)	(3,320,219)
Fund Balance - Beginning of Year	(3,040,319)	(3,040,319)	(3,040,319)	-	279,900
FUND BALANCE - END OF YEAR	<u>\$ 945,416</u>	<u>\$ 945,416</u>	<u>\$ 645,183</u>	<u>\$ (300,233)</u>	<u>\$ (3,040,319)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

	Custodial Fund	
	2022	2021
ASSETS		
Cash and Investments	\$ 6,478,907	\$ 7,639,960
Receivables:		
Taxes	8,022,360	5,740,995
Total Assets	14,501,267	13,380,955
 DEFERRED INFLOWS		
Property Taxes Levied for Subsequent Year	14,501,267	13,380,955
 NET POSITION		
Restricted for Other Governments	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Custodial Fund	
	2022	2021
ADDITIONS		
Taxes and Special Charges Collected	\$ 6,478,411	\$ 7,637,373
DEDUCTIONS		
Payments to Other Taxing Districts	6,478,411	7,637,373
CHANGE IN NET POSITION	-	-
Net Position - Beginning of Year	-	-
NET POSITION - END OF YEAR	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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:

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.

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 are primarily supported by taxes and intergovernmental revenues.

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.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The Town also reports the following fiduciary fund:

Custodial Fund

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022 tax roll are recognized as revenue in 2023). Special assessments are subject to collection procedures.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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 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 expensed in the periods benefited.

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the 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:

Governmental Activities

Land Improvements	15 to 40 Years
Buildings	40 Years
Machinery and Equipment	15 Years
Infrastructure	15 Years

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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. 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.

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 (revenue), 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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 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.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Fund Equity (Continued)

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.

F. Summarized Financial Information

Summarized financial information for the prior year have been presented in the basic financial statements to provide an understanding of the changes in the Town's financial position and operations. The summarized financial information is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the government's financial information for the year ended December 31, 2021, from which the summarized information was derived.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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's total General Fund expenditures for the year ended December 31, 2022, exceeded budget by \$257,721.

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the General Fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2022, as follows:

General Fund	Excess Expenditures
Public Safety	\$ 3,168
Public Works	81,635
Debt Service	10,343
Capital Outlay	258,211

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Property Tax Levy Limit

Wisconsin State Statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2022 and 2023 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 2022 budget was 1.29%. The actual limit for the Town for the 2023 budget was 1.51%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion in 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 \$8,646,808 on December 31, 2022, as summarized below:

Petty Cash and Cash on Hand	\$	336
Deposits with Financial Institutions		8,646,472
Total		\$ 8,646,808

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	2,047,176
Restricted Cash and Investments		120,725
Fiduciary Fund Statement of Net Position:		
Cash and Investments		6,478,907
Total		\$ 8,646,808

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measures

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; and Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value.

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

Custodial Credit Risk

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

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, 2022, \$7,742,558 of the Town's deposits with financial institutions were in excess of federal and state depository insurance. \$7,612,152 was collateralized with securities held by the pledging financial institution or its trust department or agent in the Town's name.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2022, totaled \$120,725 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Special Revenue Funds:		
Park Improvements	\$ 86,275	To account for donations for park improvements
Emergency Services	<u>34,450</u>	To account for emergency services fundraisers and donations to be used for emergency services expenditures
Total	<u>\$ 120,725</u>	

C. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 380,908	\$ -	\$ -	\$ 380,908
Construction in Progress	443,662	126,936	570,598	-
Total Capital Assets, Nondepreciable	<u>824,570</u>	<u>126,936</u>	<u>570,598</u>	<u>380,908</u>
Capital Assets, Depreciable:				
Land Improvements	1,288,619	-	-	1,288,619
Buildings and Improvements	490,174	-	-	490,174
Machinery and Equipment	1,019,420	22,057	-	1,041,477
Infrastructure	12,631,237	1,078,631	-	13,709,868
Subtotals	<u>15,429,450</u>	<u>1,100,688</u>	<u>-</u>	<u>16,530,138</u>
Less: Accumulated Depreciation for:				
Land Improvements	191,479	32,632	-	224,111
Buildings and Improvements	331,152	10,245	-	341,397
Machinery and Equipment	904,733	18,311	-	923,044
Street Infrastructure	3,983,612	788,611	-	4,772,223
Subtotals	<u>5,410,976</u>	<u>849,799</u>	<u>-</u>	<u>6,260,775</u>
Total Capital Assets, Depreciable, Net	<u>10,018,474</u>	<u>250,889</u>	<u>-</u>	<u>10,269,363</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,843,044</u>	<u>\$ 377,825</u>	<u>\$ 570,598</u>	10,650,271
Less: Capital Related Debt				4,165,000
Less: Debt Premium				<u>79,556</u>
Net Investment in Capital Assets				<u>\$ 6,405,715</u>

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 2,246
Public Safety	24,310
Public Works	796,043
Culture and Recreation	<u>27,200</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 849,799</u>

D. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, were as follows:

Fund	Transfer In	Transfer Out
Nonmajor Funds		
Emergency Services	\$ 13,415	\$ -
First Responders	-	13,415

The transfer was made to consolidate all emergency services donations into one fund.

E. Short-Term Obligations

The following is a summary of changes in short-term obligations of the Town for the year ended December 31, 2022.

	Beginning Balance	Issued	Retired	Ending Balance
Governmental Activities:				
Direct Borrowing:				
Bond Anticipation Note Issued 7/23/21, interest at 2.32%, Maturity Date 6/1/22	<u>\$ 3,403,979</u>	<u>\$ 919,588</u>	<u>\$ 4,323,567</u>	<u>\$ -</u>

Total interest paid during the year on short-term debt totaled \$5,308.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2022.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ -	\$ 4,045,000	\$ -	\$ 4,045,000	\$ -
Notes from Direct Borrowings	240,000	-	120,000	120,000	120,000
Total General Obligation Debt	240,000	4,045,000	120,000	4,165,000	120,000
Debt Premium	-	79,556	-	79,556	-
Governmental Activities Long-Term Obligations	<u>\$ 240,000</u>	<u>\$ 4,124,556</u>	<u>\$ 120,000</u>	<u>\$ 4,244,556</u>	<u>\$ 120,000</u>

Total interest paid during the year on long-term debt totaled \$38,283.

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 12/31/22</u>
General Obligation Note	4/1/18	3/31/23	3.50%	\$ 600,000	\$ 120,000
General Obligation Bond	6/1/22	4/1/42	3 - 4%	4,045,000	4,045,000
Total Outstanding General Debt Obligation					<u>\$ 4,165,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$4,165,000 on December 31, 2022, are detailed below:

Year Ending December 31,	Bonds		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 189,520	\$ 120,000	\$ 1,050	\$ 120,000	\$ 190,570
2024	220,000	138,840	-	-	220,000	138,840
2025	275,000	131,415	-	-	275,000	131,415
2026	335,000	120,590	-	-	335,000	120,590
2027	210,000	109,690	-	-	210,000	109,690
2028-2032	1,120,000	421,506	-	-	1,120,000	421,506
2033-2037	950,000	246,875	-	-	950,000	246,875
2038-2042	935,000	83,274	-	-	935,000	83,274
Total	<u>\$ 4,045,000</u>	<u>\$ 1,441,710</u>	<u>\$ 120,000</u>	<u>\$ 1,050</u>	<u>\$ 4,165,000</u>	<u>\$ 1,442,760</u>

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

The Town's outstanding note from direct borrowings of \$120,000 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make a payment.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2022, was \$40,490,190 as follows:

Equalized Valuation of the Town	\$ 893,103,800
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	44,655,190
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>4,165,000</u>
Legal Margin for New Debt	<u><u>\$ 40,490,190</u></u>

Current Refunding

During 2022, the Town currently refunded a bond anticipation note dated July 23, 2021. The Town issued \$4,045,000 of general obligation bonds to call the refunded debt. The current refunding was undertaken to extend the life of the principal and interest maturities over 20 years.

G. Pension Plan

1. Plan Description

The Wisconsin Retirement System (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, 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

1. Plan Description (Continued)

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%
2020	1.7%	21.0%
2021	5.1%	13.0%

3. Contributions

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

During the reporting period ending December 31, 2022, the WRS recognized \$11,408 in contributions from the Town.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

4. Pension Asset, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Town reported an asset of \$85,100 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Town's proportion was 0.00105581%, which was an increase of 0.00002767% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Town recognized pension revenue of \$7,910.

At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 137,473	\$ 9,913
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	190,375
Changes in Assumptions	15,876	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	868	594
Employer Contributions Subsequent to the Measurement Date	11,408	-
Total	<u>\$ 165,625</u>	<u>\$ 200,882</u>

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

4. Pension Asset, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$11,408 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2023	\$ (4,115)
2024	(22,899)
2025	(9,935)
2026	(9,716)
Total	<u>\$ (46,665)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality, and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0	4.3%	1.8%
Inflation Sensitive Assets	19.0	2.7%	0.2%
Real Estate	7.0	5.6%	3.0%
Private Equity/Debt	12.0	9.7%	7.0%
Cash	-15.0	0.9%	N/A
Total Core Fund	<u>100.0%</u>	6.6%	4.0%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4%	4.9%
Total Variable Fund	<u>100.0%</u>	7.1%	4.6%

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

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that includes only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 member 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.

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 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Town’s Proportionate Share of the Net Pension Liability (Asset)	\$ 60,384	\$ (85,100)	\$ (189,822)

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, 2022, the Town did not report a payable for outstanding contributions to the pension plan for the year ended December 31, 2022.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2022, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Items	<u>\$ 20,393</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, 2022, restricted fund balance was as follows:

Nonmajor Funds:	
Restricted for:	
Emergency Services	33,815
Dedication Fees	<u>86,275</u>
Total Restricted Fund Balance	<u>\$ 120,090</u>

Committed Fund Balance

In the fund financial statements, portions of governmental fund balances are committed by Town Board action. At December 31, 2022, Fund balance was committed as follows:

General Fund:	
Committed for:	
Fire Equipment	<u>\$ 119,652</u>

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2022, fund balance was assigned as follows:

General Fund:	
Assigned for Revaluation	\$ 20,500
Assigned for capital projects	<u>10,020</u>
Subtotal	<u><u>\$ 30,520</u></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:

2023 Budgeted Operating Expenditures	\$ 2,684,207
Minimum Fund Balance %	<u>(x) 20%</u>
Minimum Fund Balance Amount	<u><u>\$ 536,841</u></u>

The Town's unassigned general fund balance of \$484,638 is below the minimum fund balance amount.

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. The Town has not made any reductions in insurance coverage from the prior year. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

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

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00045656%	\$ (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%
12/31/18	0.00092722%	32,987	158,208	20.85%	96.45%
12/31/19	0.00098692%	(31,822)	143,969	22.10%	102.96%
12/31/20	0.00102814%	(64,188)	191,547	33.51%	105.26%
12/31/21	0.00105581%	(85,100)	191,238	44.50%	106.02%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 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	-	158,208	6.70%
12/31/19	9,430	9,430	-	143,969	6.55%
12/31/20	12,930	12,930	-	191,547	6.75%
12/31/21	12,909	12,909	-	191,239	6.75%
12/31/22	11,408	11,408	-	175,509	6.50%

See accompanying Notes to Required Supplementary Information.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015, through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the 2018 Wisconsin Mortality Table

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The Town is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

	Special Revenue			Totals	
	Emergency Services	First Responders	Dedication Fees	2022	2021
ASSETS					
Restricted Cash and Investments	\$ 34,450	\$ -	\$ 86,275	\$ 120,725	\$ 85,840
Receivables:					
Accounts	-	-	-	-	205
Total Assets	<u>\$ 34,450</u>	<u>\$ -</u>	<u>\$ 86,275</u>	<u>\$ 120,725</u>	<u>\$ 86,045</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 635	\$ -	\$ -	\$ 635	\$ 846
FUND BALANCES					
Restricted	<u>33,815</u>	<u>-</u>	<u>86,275</u>	<u>120,090</u>	<u>85,199</u>
Total Liabilities and Fund Balances	<u>\$ 34,450</u>	<u>\$ -</u>	<u>\$ 86,275</u>	<u>\$ 120,725</u>	<u>\$ 86,045</u>

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Special Revenue			Totals	
	Emergency Services	First Responders	Dedication Fees	2022	2021
REVENUES					
Public Charges for Services	\$ -	\$ -	\$ 23,040	\$ 23,040	\$ 23,865
Miscellaneous	29,571	10,260	988	40,819	22,270
Total Revenues	29,571	10,260	24,028	63,859	46,135
EXPENDITURES					
Current					
Public Safety	28,335	633	-	28,968	23,195
EXCESS OF REVENUES OVER EXPENDITURES	1,236	9,627	24,028	34,891	22,940
OTHER FINANCING SOURCES (USES)					
Transfers in	13,415	-	-	13,415	-
Transfers Out	-	(13,415)	-	(13,415)	-
Total Other Financing Sources (Uses)	13,415	(13,415)	-	-	-
NET CHANGE IN FUND BALANCES	14,651	(3,788)	24,028	34,891	22,940
Fund Balances - Beginning of Year	19,164	3,788	62,247	85,199	62,259
FUND BALANCES - END OF YEAR	\$ 33,815	\$ -	\$ 86,275	\$ 120,090	\$ 85,199

**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***

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 15, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2022-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a significant deficiency.

Report on 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 financial statements. 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 Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
March 15, 2023

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

Internal Control Over Financial Reporting

<u>FINDING NO.</u>	<u>CONTROL DEFICIENCIES</u>
2022-001	Preparation of Annual Financial Report Repeat of Finding 2021-001
Type of Finding	Significant Deficiency in Internal Control over Financial Reporting
Condition	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with CliftonLarsonAllen LLP (CLA) 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. However, as independent auditors, CLA cannot be considered part of the Town's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Town had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria or Specific Requirement	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.

**TOWN OF ALGOMA
WINNEBAGO COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Internal Control Over Financial Reporting (Continued)

Recommendation We recommend the Town continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Town's activities and operations. 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.

Views of Responsible Officials The Town Treasurer has reviewed and approved the annual financial report prior to issuance.

FINDING NO.

CONTROL DEFICIENCIES

2022-002

Adjustments to the Town's Financial Records
Repeat of Finding 2021-002

Type of Finding Material Weakness in Internal Control over Financial Reporting

Condition As part of our audit, we proposed material adjusting journal entries to the Town's financial statements.

Criteria or Specific Requirement Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Effect Year-end financial records prepared by the Town may contain material misstatements.

Recommendation We recommend the Town continue reviewing the adjusting and closing entries. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Town is necessary to obtain an adequate understanding of the Town's financial reports.

Views of Responsible Officials The Town Treasurer has reviewed and approved the entries drafted by CLA.



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