

Town of Neenah  
Winnebago County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

# Town of Neenah

## Winnebago County, Wisconsin

DECEMBER 31, 2019

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# Town of Neenah

## Winnebago County, Wisconsin

DECEMBER 31, 2019

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### ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report

To the Town Board  
Town of Neenah  
Winnebago County, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Neenah, Winnebago County, Wisconsin (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### 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 auditor considers 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof and the budgeted and actual schedules for the General Fund for the year then ended in accordance with modified cash basis of accounting described in Note 1.

**BASIS OF ACCOUNTING**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**OTHER MATTERS**

**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 and other 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.

The other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing over 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 over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin  
May 13, 2020

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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# Town of Neenah

## Winnebago County, Wisconsin

### STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 927,170	\$ 1,049,003	\$ 1,976,173
Internal balances	(6,156)	6,156	-
Prepaid items	487	-	487
Restricted assets			
Cash and investments	<u>85,824</u>	<u>-</u>	<u>85,824</u>
Total assets	<u>1,007,325</u>	<u>1,055,159</u>	<u>2,062,484</u>
<b>LIABILITIES</b>			
Property taxes and special charges collected for subsequent year	359,062	179,335	538,397
Special deposits	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total liabilities	<u>379,062</u>	<u>179,335</u>	<u>558,397</u>
<b>NET POSITION</b>			
Restricted	85,824	-	85,824
Unrestricted	<u>542,439</u>	<u>875,824</u>	<u>1,418,263</u>
Total net position	<u>\$ 628,263</u>	<u>\$ 875,824</u>	<u>\$ 1,504,087</u>

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

# Town of Neenah

## Winnebago County, Wisconsin

### STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 327,814	\$ 127,882	\$ -	\$ -
Public safety	297,035	52,060	44,564	1,200
Public works	612,820	203,293	208,670	-
Health and human services	100	-	-	-
Culture and recreation	97,059	1,200	-	4,500
Conservation and development	9,887	-	-	-
Principal and interest on long-term debt	62,291	-	-	-
Total governmental activities	<u>1,407,006</u>	<u>384,435</u>	<u>253,234</u>	<u>5,700</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Stormwater Utility District	<u>325,626</u>	<u>387,833</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,732,632</u>	<u>\$ 772,268</u>	<u>\$ 253,234</u>	<u>\$ 5,700</u>
General revenues				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Total general revenues				
<b>Change in net position</b>				
<b>Net position - January 1</b>				
<b>Net position - December 31</b>				

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



**Net (Disbursements) Receipts  
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (199,932)	\$ -	\$ (199,932)
(199,211)	-	(199,211)
(200,857)	-	(200,857)
(100)	-	(100)
(91,359)	-	(91,359)
(9,887)	-	(9,887)
(62,291)	-	(62,291)
<u>(763,637)</u>	<u>-</u>	<u>(763,637)</u>
-	62,207	62,207
<u>(763,637)</u>	<u>62,207</u>	<u>(701,430)</u>
440,899	-	440,899
618	-	618
308,099	-	308,099
16,868	18,807	35,675
22,883	-	22,883
<u>789,367</u>	<u>18,807</u>	<u>808,174</u>
25,730	81,014	106,744
<u>602,533</u>	<u>794,810</u>	<u>1,397,343</u>
<u>\$ 628,263</u>	<u>\$ 875,824</u>	<u>\$ 1,504,087</u>

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF ASSETS LIABILITIES AND FUND BALANCE  
 GENERAL FUND- MODIFIED CASH BASIS  
 DECEMBER 31, 2019

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**ASSETS**

Cash and investments	\$ 927,170
Restricted cash and investments	85,824
Prepaid items	<u>487</u>
 Total assets	 <u><u>\$ 1,013,481</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities	
Due to other funds	\$ 6,156
Property taxes and special charges collected for subsequent year	359,062
Special deposits	<u>20,000</u>
 Total liabilities	 <u>385,218</u>
 Fund balance	
Nonspendable	487
Restricted	85,824
Committed	72,870
Assigned	107,053
Unassigned	<u>362,029</u>
 Total fund balance	 <u>628,263</u>
 Total liabilities and fund balance	 <u><u>\$ 1,013,481</u></u>

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

# Town of Neenah

## Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**REVENUES**

Taxes	\$ 441,509
Intergovernmental	535,943
Licenses and permits	76,755
Fines and forfeits	10,075
Public charges for services	255,587
Intergovernmental charges for services	40,818
Miscellaneous	<u>72,049</u>
 Total revenues	 <u>1,432,736</u>

**EXPENDITURES**

Current	
General government	327,814
Public safety	297,035
Public works	612,820
Health and human services	100
Culture and recreation	97,059
Conservation and development	9,887
Debt service	
Principal	54,103
Interest and fiscal charges	<u>8,188</u>
 Total expenditures	 <u>1,407,006</u>

<b>Net change in fund balance</b>	25,730
<b>Fund balance - January 1</b>	<u>602,533</u>
<b>Fund balance - December 31</b>	<u><u>\$ 628,263</u></u>

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

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 443,807	\$ 443,807	\$ 441,509	\$ (2,298)
Intergovernmental	403,294	527,424	535,943	8,519
Licenses and permits	55,800	55,800	76,755	20,955
Fines and forfeits	-	-	10,075	10,075
Public charges for services	212,244	212,244	255,587	43,343
Intergovernmental charges for services	38,000	38,000	40,818	2,818
Miscellaneous	34,500	34,500	72,049	37,549
Total revenues	<u>1,187,645</u>	<u>1,311,775</u>	<u>1,432,736</u>	<u>120,961</u>
<b>EXPENDITURES</b>				
Current				
General government	328,440	328,440	327,814	626
Public safety	148,750	280,146	297,035	(16,889)
Public works	631,822	631,822	612,820	19,002
Health and human services	500	500	100	400
Culture and recreation	159,279	135,949	97,059	38,890
Conservation and development	-	10,064	9,887	177
Debt service				
Principal	54,103	54,103	54,103	-
Interest and fiscal charges	8,188	8,188	8,188	-
Total expenditures	<u>1,331,082</u>	<u>1,449,212</u>	<u>1,407,006</u>	<u>42,206</u>
<b>Net change in fund balance</b>	(143,437)	(137,437)	25,730	163,167
<b>Fund balance - January 1</b>	<u>602,533</u>	<u>602,533</u>	<u>602,533</u>	<u>-</u>
<b>Fund balance - December 31</b>	<u>\$ 459,096</u>	<u>\$ 465,096</u>	<u>\$ 628,263</u>	<u>\$ 163,167</u>

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

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
DECEMBER 31, 2019

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	<u>Stormwater Utility District</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,049,003
Due from other funds	<u>6,156</u>
Total assets	<u>1,055,159</u>
<b>LIABILITIES</b>	
Special charges collected for subsequent year	<u>179,335</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 875,824</u>

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

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	<b>Stormwater Utility District</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 387,833
<b>OPERATING EXPENDITURES</b>	
Operation and maintenance	24,985
Administration and general	18,841
Total operating expenditures	43,826
Operating income	344,007
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	18,807
Capital outlay	(281,800)
Total nonoperating revenues (expenses)	(262,993)
<b>Change in net position</b>	81,014
<b>Net position - January 1</b>	794,810
<b>Net position - December 31</b>	\$ 875,824

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

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	<b>Stormwater Utility District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 555,660
Cash paid for services provided	(42,069)
Net cash provided by operating activities	<u>513,591</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(281,800)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>18,807</u>
<b>Change in cash and cash equivalents</b>	250,598
<b>Cash and cash equivalents - January 1</b>	<u>798,405</u>
<b>Cash and cash equivalents - December 31</b>	<u><u>\$ 1,049,003</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 344,007
Adjustments to reconcile operating income to net cash cash provided by operating activities	
Change in operating assets and liabilities	
Due from other funds	167,827
Due to other funds	(3,595)
Specials collected for subsequent year	<u>5,352</u>
Net cash provided by operating activities	<u><u>\$ 513,591</u></u>
Noncash capital and related financing activities	
None	

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

# Town of Neenah

## Winnebago County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019

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	<u>Tax Collection</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,509,570
Receivables	
Taxes and special charges	<u>3,392,921</u>
Total assets	<u>\$ 6,902,491</u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 6,902,491</u>

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



# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Neenah, Winnebago County, Wisconsin (the "Town"), have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

#### A. REPORTING ENTITY

The Town is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

##### **Stormwater Utility District**

The Stormwater Utility District is governed by the five member Town Board of Neenah. Although it is legally separate from the Town, the District is reported as if it were part of the primary government because the Town Board is serving as the government body of the component unit. The District provides stormwater services to the entire Town.

#### 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 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 proprietary funds. Governmental funds include the general fund. Proprietary funds include enterprise funds. The Town has no internal service funds. The major individual governmental fund and the major individual enterprise fund are reported as separate columns in the fund financial statements.

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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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.

The Town reports the following major enterprise fund:

### Stormwater Utility District Fund

This fund accounts for the operations of the Town's stormwater utility district.

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, fiduciary fund and governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. The modified cash basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, the Town recognizes revenues when received. As a result, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) *are not recorded* in the Town's basic financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when received if all eligibility requirements imposed by the provider have been met. Property taxes and grants received in advance of being earned or meeting eligibility requirements are reported as liabilities. Debt proceeds are recognized as other financing sources and general revenue when received. Additionally, capital assets such as property, equipment, and infrastructure are not capitalized or reported in the government-wide financial statements.

Under the modified cash basis of accounting, the Town generally records expenditures when paid, except for certain payroll withholdings. As a result, certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in the Town's basic financial statements. Additionally, long-term liabilities such as debt payable and compensated absences are not reported. Additional information on outstanding long-term debt is shown in Note 3.D.

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.

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary fund is charges to customers for services. Operating expenditures for proprietary funds include the costs of services, administrative expenses. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures.

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

#### **D. ASSETS, LIABILITIES, 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. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

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

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

In addition to its levy, the Town also levies taxes for the Neenah School District, Winnebago County, and Fox Valley Technical College. Property taxes and special charges collected on behalf of other taxing entities as of December 31, 2019 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

##### **3. 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.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 4. Long-term Obligations

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. Because the Town uses the modified cash basis of accounting, principal payments are reported as expenditures in the statement of activities and no liability is reported on the statement of net position.

#### 5. 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.

#### 6. 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.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose.

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

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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### *Government-Wide and Proprietary Fund Statements*

Equity is classified as net position and displayed in two components:

- ▶ **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 not classified as restricted.

## NOTE 2: STEWARDSHIP AND COMPLIANCE

### A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.

### B. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, Towns, towns, and counties. For the 2019 and 2020 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 2019 budget was 1.32%. The actual limit for the Town for the 2020 budget was 0.68%. 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 Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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### 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 \$5,571,567 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 100
Deposits with financial institutions	5,571,467
	<u>\$ 5,571,567</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 1,976,173
Restricted cash and investments	85,824
Fiduciary Fund Statement of Net Position	
Cash and investments	3,509,570
	<u>\$ 5,571,567</u>

#### Fair Value Measurements

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

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

#### Custodial Credit Risk

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

# Town of Neenah

## Winnebago County, Wisconsin

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

As of December 31, 2019, \$4,137,136 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized. \$3,509,570 of the uninsured deposits are the result of advance tax collections that will be remitted to other local governmental units in January of 2020.

### B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$85,824 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
General Fund		
Park impact fees	\$ 60,607	To account for the collection of park impact fees to be used for park expenditures
Fire department	25,217	To account for donations and fundraising proceeds to be used for fire department expenditures
Total	<u>\$ 85,824</u>	

### C. INTERFUND RECEIVABLE AND PAYABLES

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

	Interfund Receivables	Interfund Payables
Amounts due for shared government services		
Governmental Fund		
General	\$ -	\$ 6,156
Proprietary Fund		
Stormwater utility district	6,156	-
Subtotal	<u>\$ 6,156</u>	<u>\$ 6,156</u>

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

### D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Direct borrowings:					
General Obligation Debt					
State trust fund loans	\$ 256,653	\$ -	\$ 54,103	\$ 202,550	\$ 55,319

The Town's outstanding state trust fund loans from direct borrowings of \$202,550 contain a provision that in an event of default, the Board of Commissioners of Public Lands may use any remedies available under the law and is required under Wisconsin Statute Section 24.70(6) to intercept any state payments that may be otherwise due by the Borrower.

Total interest paid during the year on long-term debt totaled \$8,188.

#### General Obligation Debt

General obligation direct borrowings outstanding on December 31, 2019 is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
State trust fund loan (fire truck)	6/21/12	3/15/22	3.00%	\$ 260,000	\$ 85,542
State trust fund loan (park assessment)	4/24/18	3/15/23	3.75%	144,240	117,008
Total outstanding general obligation debt					<u>\$ 202,550</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$202,550 on December 31, 2019 are detailed below:

Year Ended December 31,	<u>Governmental Activities</u>		
	<u>Direct borrowings - general obligation notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 55,319	\$ 6,973	\$ 62,292
2021	57,205	5,087	62,292
2022	59,136	3,156	62,292
2023	30,890	1,158	32,048
	<u>\$ 202,550</u>	<u>\$ 16,374</u>	<u>\$ 218,924</u>



# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2019 was \$23,693,595 as follows:

Equalized valuation of the Town	\$ 477,922,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>23,896,145</u>
Total outstanding general obligation debt applicable to debt limitation	<u>202,550</u>
Legal margin for new debt	<u><u>\$ 23,693,595</u></u>

#### E. PENSION PLAN

##### 1. Plan Description

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

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

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

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

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

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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:

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

### 3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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, 2019, the WRS recognized \$3,113 in contributions from the Town.

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Town reported a liability of \$10,959 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension 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, 2018, the Town's proportion was 0.0030805%, which was a decrease of 0.00000081% from its proportion measured as of December 31, 2017. Because the Town's basic financial statements are prepared on the modified cash basis of accounting, the net pension liability is not reported as a liability in the statement of net position.

For the year ended December 31, 2019, the Town recognized pension expense of \$7,379.

At December 31, 2019, 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	\$ 8,534	\$ 15,087
Net differences between projected and actual earnings on pension plan investments	16,006	-
Changes in assumptions	1,846	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	550	2,142
Employer contributions subsequent to the measurement date	3,113	-
Total	\$ 30,049	\$ 17,229

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

\$3,113 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 asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2020	\$ 3,803
2021	310
2022	1,210
2023	4,384
Total	<u>\$ 9,707</u>

#### 5. Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

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

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

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

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

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

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

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 43,554	\$ 10,959	\$ (13,277)

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

### 6. Payables to the Pension Plan

At December 31, 2019, the Town reported no payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

### F. DEFINED CONTRIBUTION PENSION PLAN

The Town contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by Volunteer Fireman's Insurance Services.

The Town determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2019, the Town contributed \$13,119 to the plan, and the Town recognized pension expense of \$13,119.

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### G. FUND EQUITY

##### Restricted Fund Balance

In the fund financial statements, portions of general fund balance are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

General Fund	
Restricted for	
Park expenditures	\$ 60,607
Fire department expenditures	25,217
	<hr/>
Total	<u>\$ 85,824</u>

##### Committed Fund Balance

In the fund financial statements, portions of general fund balance are committed by Town Board action. At December 31, 2019, General Fund balance was committed as follows:

General Fund	
Committed for	
Franzoi Park improvements	\$ 45,000
Tuller Road improvements	27,870
	<hr/>
Total	<u>\$ 72,870</u>

##### Assigned Fund Balance

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

General Fund	
Assigned for subsequent years budget	<u>\$ 107,053</u>

##### Net Position

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

Governmental Activities	
Restricted for	
Park expenditures	\$ 60,607
Fire department expenditures	25,217
	<hr/>
Total restricted net position	<u>\$ 85,824</u>

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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### NOTE 4: OTHER INFORMATION

#### A. RISK MANAGEMENT

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

#### B. CONTINGENCIES

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

#### C. SUBSEQUENT EVENTS

In February, 2020, the Town passed Resolution 2020-04 at a special meeting of the electors to sell Town owned vacant land on Oakridge road for \$734,400.

#### D. UPCOMING ACCOUNTING PRONOUNCEMENTS

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2019. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.



OTHER INFORMATION

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# Town of Neenah

## 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	0.00012617%	\$ (3,099)	\$ 555	558.38%	102.74%
12/31/15	0.00006890%	1,120	-	0.00%	98.20%
12/31/16	0.00014708%	1,212	42,495	2.85%	99.12%
12/31/17	0.00030886%	(9,170)	47,475	19.32%	102.93%
12/31/18	0.00030805%	10,959	47,610	23.02%	96.45%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ -	\$ -	\$ -	\$ -	0.00%
12/31/16	2,805	2,805	-	42,495	6.60%
12/31/17	3,228	3,228	-	47,475	6.80%
12/31/18	3,189	3,189	-	47,610	6.70%
12/31/19	3,113	3,113	-	47,521	6.55%

### NOTES TO 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 Neenah

## Winnebago County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES COLLECTED- MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Taxes				
Property taxes	\$ 441,564	\$ 441,564	\$ 440,899	\$ (665)
Forest crop and MFL	13	13	449	436
Interest and penalties on taxes	2,200	2,200	-	(2,200)
Other taxes	30	30	161	131
Total taxes	<u>443,807</u>	<u>443,807</u>	<u>441,509</u>	<u>(2,298)</u>
Intergovernmental				
Federal				
Fire	-	124,130	118,424	(5,706)
State				
State shared taxes	300,312	300,312	306,301	5,989
Fire insurance dues	17,000	17,000	17,966	966
Tax exempt computer aid	1,700	1,700	1,798	98
Transportation	75,282	75,282	75,248	(34)
Recycling grant	9,000	9,000	9,421	421
State aid forest crop/MFL	-	-	8	8
Other state payments	-	-	1,200	1,200
Local government aid	-	-	5,577	5,577
Total intergovernmental	<u>403,294</u>	<u>527,424</u>	<u>535,943</u>	<u>8,519</u>
Licenses and permits				
Licenses				
Operators, cigarette and other licenses	30,300	30,300	33,940	3,640
Dog	1,800	1,800	1,473	(327)
Permits				
Building	23,300	23,300	41,142	17,842
Zoning	400	400	200	(200)
Total licenses and permits	<u>55,800</u>	<u>55,800</u>	<u>76,755</u>	<u>20,955</u>
Fines and forfeits				
Court fines and penalties	-	-	10,075	10,075
Public charges for services				
General government	1,520	1,520	44,394	42,874
Fire department	7,900	7,900	7,900	-
Highway	3,900	3,900	4,357	457
Garbage collection	198,924	198,924	198,936	12
Total public charges for services	<u>212,244</u>	<u>212,244</u>	<u>255,587</u>	<u>43,343</u>
Intergovernmental charges for services				
General government	38,000	38,000	38,000	-
Fire	-	-	2,818	2,818
Total intergovernmental charges for services	<u>38,000</u>	<u>38,000</u>	<u>40,818</u>	<u>2,818</u>
Miscellaneous				
Interest on investments	7,850	7,850	16,868	9,018
Rent	21,650	21,650	22,367	717
Donations	-	-	31,098	31,098
Other	5,000	5,000	1,716	(3,284)
Total miscellaneous	<u>34,500</u>	<u>34,500</u>	<u>72,049</u>	<u>37,549</u>
<b>Total revenues collected</b>	<u>\$ 1,187,645</u>	<u>\$ 1,311,775</u>	<u>\$ 1,432,736</u>	<u>\$ 120,961</u>

# Town of Neenah

## Winnebago County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General government				
Board	\$ 65,116	\$ 65,116	\$ 64,005	\$ 1,111
Legal	50,000	50,000	48,555	1,445
Clerk/Treasurer	47,476	47,476	47,566	(90)
Deputy Clerk	20,000	20,000	19,854	146
Clerk/Treasurer supplies & expense	24,039	24,039	23,028	1,011
Elections	4,000	4,000	4,327	(327)
Assessor	43,000	43,000	42,990	10
Accounting & audit	8,600	8,600	8,500	100
Town hall	23,099	23,099	30,637	(7,538)
Insurance	28,000	28,000	23,058	4,942
Employee benefits	15,110	15,110	15,294	(184)
Total general government	<u>328,440</u>	<u>328,440</u>	<u>327,814</u>	<u>626</u>
Public safety				
Fire protection	118,350	239,925	257,835	(17,910)
Rescue squad	8,400	8,400	7,337	1,063
Building inspection	22,000	31,821	31,863	(42)
Total public safety	<u>148,750</u>	<u>280,146</u>	<u>297,035</u>	<u>(16,889)</u>
Public works				
Highway maintenance	210,000	210,000	100,487	109,513
Highway construction	240,068	240,068	309,200	(69,132)
Street lighting	-	-	21,254	(21,254)
Refuse and garbage	137,333	137,333	135,610	1,723
Recycling	44,321	44,321	44,362	(41)
Weed and nuisance control	100	100	7	93
Razing expenses	-	-	1,900	(1,900)
Total public works	<u>631,822</u>	<u>631,822</u>	<u>612,820</u>	<u>19,002</u>
Health and human services				
Animal and insect control	<u>500</u>	<u>500</u>	<u>100</u>	<u>400</u>
Culture and recreation				
Parks	147,779	124,449	90,521	33,928
Parks outlay	6,500	6,500	4,755	1,745
Recreation facilities	<u>5,000</u>	<u>5,000</u>	<u>1,783</u>	<u>3,217</u>
Total culture and recreation	<u>159,279</u>	<u>135,949</u>	<u>97,059</u>	<u>38,890</u>
Conservation and development				
Wetland mitigation	<u>-</u>	<u>10,064</u>	<u>9,887</u>	<u>177</u>
Debt service				
Principal	54,103	54,103	54,103	-
Interest and fiscal charges	<u>8,188</u>	<u>8,188</u>	<u>8,188</u>	<u>-</u>
Total debt service	<u>62,291</u>	<u>62,291</u>	<u>62,291</u>	<u>-</u>
<b>Total expenditures paid</b>	<u>\$ 1,331,082</u>	<u>\$ 1,449,212</u>	<u>\$ 1,407,006</u>	<u>\$ 42,206</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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

To the Town Board  
Town of Neenah  
Winnebago County, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Town of Neenah, Winnebago County, Wisconsin, (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 13, 2020.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

**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 NEENAH’S RESPONSE TO FINDINGS**

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

**PURPOSE OF THIS REPORT**

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin  
May 13, 2020



# Town of Neenah

## Winnebago County, Wisconsin

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

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### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p><b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2018-001</p>
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the Town does not have internal controls in place to properly separate financial and recordkeeping duties.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Town Board continue to approve all bank transfers, review the monthly bank reconciliations and bank statements and monitor the transactions and the financial records of the Town.
Management Response:	The Town Board will continue to approve all bank transfers, review the monthly bank reconciliations and bank statements and monitor the transactions and the financial records of the Town.

# Town of Neenah

## Winnebago County, Wisconsin

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

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

### SECTION II. COMPLIANCE AND OTHER MATTERS

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

