

**TOWN OF NEENAH  
WINNEBAGO COUNTY, WISCONSIN  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2022**



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# Town of Neenah

## Winnebago County, Wisconsin

DECEMBER 31, 2022

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# Town of Neenah Winnebago County, Wisconsin

DECEMBER 31, 2022

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

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## INDEPENDENT AUDITORS' REPORT

Town Board  
Town of Neenah  
Winnebago County, Wisconsin

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Neenah'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 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 of Neenah, as of December 31, 2022, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### ***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 of Neenah 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.

#### ***Emphasis of Matter***

##### ***Basis of Accounting***

We draw attention to Note 1.C 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.

#### ***Prior Period Adjustment***

As described in Note 4.C., the Town recorded a prior period adjustment to decrease unearned revenue by \$184,583 which resulted in an increase in fund balance in the governmental funds and net position of the governmental activities of \$184,583. Our opinions are not modified with respect to this matter.

***Responsibilities of Management 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.C, and for 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' 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 of Neenah'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 of Neenah'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.

***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 of Neenah’s basic financial statements. The schedule of general fund budgeted and actual revenues collected – modified cash basis and the schedule of general fund budgeted and actual expenditures paid – modified cash basis 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 schedule of general fund budgeted and actual revenues collected – modified cash basis and the schedule of general fund budgeted and actual expenditures paid – modified cash basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022 on the basis of accounting described in Note 1.C.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Proportionate Share of Net Pension Liability (Asset) – Wisconsin Retirement System, the Schedule of Contributions – Wisconsin Retirement System, and the notes therein but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Town Board  
Town of Neenah

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of the Town of Neenah’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 of Neenah’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 of Neenah’s internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin  
April 6, 2023

BASIC FINANCIAL STATEMENTS

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# Town of Neenah

## Winnebago County, Wisconsin

### STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,978,781	\$ 997,497	\$ 2,976,278
Internal balances	153	(153)	-
Restricted assets			
Cash and investments	<u>19,018</u>	<u>-</u>	<u>19,018</u>
Total assets	<u>1,997,952</u>	<u>997,344</u>	<u>2,995,296</u>
<b>LIABILITIES</b>			
Property taxes and special charges collected for subsequent year	292,125	144,654	436,779
<b>NET POSITION</b>			
Restricted			
Park impact fees	7,008	-	7,008
Fire department	12,010	-	12,010
Unrestricted	<u>1,686,809</u>	<u>852,690</u>	<u>2,539,499</u>
Total net position	<u><u>\$ 1,705,827</u></u>	<u><u>\$ 852,690</u></u>	<u><u>\$ 2,558,517</u></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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 318,001	\$ 78,310	\$ -	\$ -
Public safety	170,456	15,900	26,164	1,800
Public works	539,656	204,610	117,843	-
Health and human services	145	-	-	-
Culture and recreation	129,651	3,340	-	-
Conservation and development	531	-	-	-
Principal and interest on long-term debt	102,477	-	-	-
Total governmental activities	1,260,917	302,160	144,007	1,800
<b>BUSINESS-TYPE ACTIVITIES</b>				
Stormwater Utility District	118,308	400,472	-	-
<b>Total</b>	<b>\$ 1,379,225</b>	<b>\$ 702,632</b>	<b>\$ 144,007</b>	<b>\$ 1,800</b>

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

#### Change in net position

Net position - January 1, as originally reported

Prior period adjustment

Net position - January 1, as restated

**Net position - December 31**

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

**Net (Expenses) Revenues  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (239,691)	\$ -	\$ (239,691)
(126,592)	-	(126,592)
(217,203)	-	(217,203)
(145)	-	(145)
(126,311)	-	(126,311)
(531)	-	(531)
<u>(102,477)</u>	<u>-</u>	<u>(102,477)</u>
<u>(812,950)</u>	<u>-</u>	<u>(812,950)</u>
<u>-</u>	<u>282,164</u>	<u>282,164</u>
<u>(812,950)</u>	<u>282,164</u>	<u>(530,786)</u>
491,602	-	491,602
3,037	-	3,037
516,601	-	516,601
16,182	7,077	23,259
<u>29,206</u>	<u>-</u>	<u>29,206</u>
<u>1,056,628</u>	<u>7,077</u>	<u>1,063,705</u>
<u>243,678</u>	<u>289,241</u>	<u>532,919</u>
1,277,566	563,449	1,306,653
<u>-</u>	<u>-</u>	<u>184,583</u>
<u>1,462,149</u>	<u>563,449</u>	<u>2,025,598</u>
<u>\$ 1,705,827</u>	<u>\$ 852,690</u>	<u>\$ 2,558,517</u>

# Town of Neenah

## Winnebago County, Wisconsin

### STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE GENERAL FUND - MODIFIED CASH BASIS DECEMBER 31, 2022

	<u>General</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,978,781
Restricted cash and investments	19,018
Due from other funds	<u>153</u>
Total assets	<u>\$ 1,997,952</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Property taxes and special charges collected for subsequent year	\$ 292,125
Fund balance	
Restricted	19,018
Committed	34,830
Assigned	275,974
Unassigned	<u>1,376,005</u>
Total fund balance	<u>1,705,827</u>
Total liabilities and fund balance	<u>\$ 1,997,952</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, 2022

	<u>General</u>
<b>REVENUES</b>	
Taxes	\$ 494,631
Intergovernmental	655,907
Licenses and permits	40,886
Public charges for services	205,911
Intergovernmental charges for services	53,063
Miscellaneous	<u>54,197</u>
Total revenues	<u>1,504,595</u>
<b>EXPENDITURES</b>	
Current	
General government	318,001
Public safety	170,456
Public works	539,656
Health and human services	145
Culture and recreation	129,651
Conservation and development	531
Debt service	
Principal	96,214
Interest and fiscal charges	<u>6,263</u>
Total expenditures	<u>1,260,917</u>
Excess of revenues over expenditures	<u>243,678</u>
<b>Net change in fund balance</b>	<u>243,678</u>
Fund balances - January 1, as originally reported	1,277,566
Prior period adjustment	<u>184,583</u>
Fund balance - January 1, as restated	<u>1,462,149</u>
<b>Fund balance - December 31</b>	<u><u>\$ 1,705,827</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, 2022

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 491,602	\$ 491,602	\$ 494,631	\$ 3,029
Intergovernmental	434,633	434,633	655,907	221,274
Licenses and permits	34,630	34,630	40,886	6,256
Public charges for services	204,730	204,730	205,911	1,181
Intergovernmental charges for services	53,000	53,000	53,063	63
Miscellaneous	27,784	27,784	54,197	26,413
Total revenues	<u>1,246,379</u>	<u>1,246,379</u>	<u>1,504,595</u>	<u>258,216</u>
<b>EXPENDITURES</b>				
Current				
General government	361,120	357,895	318,001	39,894
Public safety	158,744	158,744	170,456	(11,712)
Public works	808,794	808,794	539,656	269,138
Health and human services	200	200	145	55
Culture and recreation	126,426	129,651	129,651	-
Conservation and development	5,000	5,000	531	4,469
Debt service				
Principal	96,214	96,214	96,214	-
Interest and fiscal charges	6,263	6,263	6,263	-
Total expenditures	<u>1,562,761</u>	<u>1,562,761</u>	<u>1,260,917</u>	<u>301,844</u>
<b>Net change in fund balance</b>	<u>(316,382)</u>	<u>(316,382)</u>	<u>243,678</u>	<u>560,060</u>
Fund balances - January 1, as originally reported			1,277,566	
Prior period adjustment	-	-	184,583	-
Fund balance - January 1, as restated	<u>1,462,149</u>	<u>1,462,149</u>	<u>1,462,149</u>	<u>-</u>
<b>Fund balance - December 31</b>	<u>\$ 1,145,767</u>	<u>\$ 1,145,767</u>	<u>\$ 1,705,827</u>	<u>\$ 560,060</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, 2022

	<u>Stormwater Utility District</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 997,497</u>
<b>LIABILITIES</b>	
Due to other funds	153
Special charges collected for subsequent year	<u>144,654</u>
Total liabilities	<u>144,807</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 852,690</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, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS PROPRIETARY FUND

	<u>Stormwater Utility District</u>
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 400,472</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	11,674
Administration and general	<u>20,318</u>
Total operating expenses	<u>31,992</u>
Operating income	<u>368,480</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	7,077
Capital outlay	<u>(86,316)</u>
Total nonoperating revenues (expenses)	<u>(79,239)</u>
<b>Change in net position</b>	289,241
<b>Net position - January 1</b>	<u>563,449</u>
<b>Net position - December 31</b>	<u><u>\$ 852,690</u></u>

*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, 2022

	<b>Stormwater Utility District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 400,472
Cash paid for services provided	(41,635)
Cash paid for employee wages and benefits	(1,833)
Net cash provided by operating activities	<u>357,004</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(86,316)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>7,077</u>
<b>Change in cash and cash equivalents</b>	277,765
<b>Cash and cash equivalents - January 1</b>	<u>719,732</u>
<b>Cash and cash equivalents - December 31</b>	<u>\$ 997,497</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 368,480
Adjustments to reconcile operating income to net cash cash provided by operating activities	
Due from other funds	-
Due to other funds	(3,661)
Specials collected for subsequent year	<u>(7,815)</u>
Net cash provided by operating activities	<u>\$ 357,004</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents in current assets	<u>\$ 997,497</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, 2022

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 3,063,190</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes levied for subsequent year	<u>3,063,190</u>
<b>NET POSITION</b>	
Restricted for other governments	<u><u>\$ -</u></u>

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

# Town of Neenah

## Winnebago County, Wisconsin

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Taxes and special charges collected	\$ 7,324,033
<b>DEDUCTIONS</b>	
Payments to other taxing districts	<u>7,324,033</u>
<b>Change in net position</b>	<u>-</u>
<b>Net position - January 1</b>	<u>-</u>
<b>Net position - December 31</b>	<u>\$ -</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, 2022

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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.

#### Blended Component Unit

The following component unit is blended or included in the financial statements of the Town:

The Town of Neenah 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, 2022

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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.

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, fiduciary fund and governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*, as are the proprietary fund financial statements. 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. 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.

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 expenses for proprietary funds include the costs of services, administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# Town of Neenah

## Winnebago County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

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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. 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, 2022 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.

##### **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.

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

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### 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 (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.

### 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 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.

#### *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.

# Town of Neenah

## Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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### NOTE 2: STEWARDSHIP AND COMPLIANCE

#### A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a 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, 2022.

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

The following expenditure account of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2022 as follows:

Fund	Excess Expenditures
General Fund:	
General Government:	
Clerk / Treasurer	\$ 135
Clerk / Treasurer supplies & expenditures	2,393
Employee benefits	39
Public Safety:	
Fire protection	18,300
Public Works:	
Refuse and garbage	9,511
Recycling	5,696
Weed and nuisance control	21
Razing expenses	24,250
Culture and Recreation:	
Parks outlay	277
Recreation facilities	1,270



# Town of Neenah Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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## C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, 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 1.03%. The actual limit for the Town for the 2023 budget was 0.58%. 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 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 \$6,058,486 on December 31, 2022 as summarized below:

Petty cash and cash on hand	\$ 195
Deposits with financial institutions	6,058,291
	<u>\$ 6,058,486</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 2,976,278
Restricted cash and investments	19,018
Fiduciary Fund Statement of Net Position	
Cash and investments	3,063,190
	<u>\$ 6,058,486</u>

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

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

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### Custodial Credit Risk

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

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

As of December 31, 2022, \$5,139,110 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized. \$3,499,969 of the uninsured deposits are the result of advance tax collections that will be remitted to other local governmental units in January of 2023.

### B. RESTRICTED ASSETS

Restricted assets on December 31, 2022 totaled \$19,018 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
General Fund		
Park impact fees	\$ 7,008	To account for the collection of park impact fees to be used for park expenditures
Fire department	12,010	To account for donations and fundraising proceeds to be used for fire department expenditures
Total	<u>\$ 19,018</u>	

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

### 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, 2022 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Amounts due for shared government services		
Governmental Fund		
General	\$ 153	\$ -
Proprietary Fund		
Stormwater utility district	-	153
Subtotal	<u>\$ 153</u>	<u>\$ 153</u>

### D. LONG-TERM OBLIGATIONS

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

	<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	<u>\$ 250,487</u>	<u>\$ -</u>	<u>\$ 96,214</u>	<u>\$ 154,273</u>	<u>\$ 68,934</u>

The Town's outstanding state trust fund loans from direct borrowings of \$154,273 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 \$6,263.

#### General Obligation Debt

General obligation direct borrowings outstanding on December 31, 2022 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>
State trust fund loan	8/27/20	3/15/25	2.50%	\$ 208,000	\$ 126,456
State trust fund loan	8/31/20	3/15/23	2.50%	82,360	27,817
Total outstanding general obligation debt					<u>\$ 154,273</u>

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

Annual principal and interest maturities of the outstanding general obligation debt of \$154,273 on December 31, 2022 are detailed below:

Year Ended December 31,	Governmental Activities		
	Direct borrowings - general obligation notes		
	Principal	Interest	Total
2023	\$ 68,934	\$ 3,857	\$ 72,791
2024	42,140	2,139	44,279
2025	43,199	1,080	44,279
	<u>\$ 154,273</u>	<u>\$ 7,076</u>	<u>\$ 161,349</u>

### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2022 was \$28,976,632 as follows:

Equalized valuation of the Town	\$ 582,618,100
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>29,130,905</u>
Total outstanding general obligation debt applicable to debt limitation	154,273
Legal margin for new debt	<u>\$ 28,976,632</u>

### E. PENSION PLAN

As disclosed in Note 1.c, the Town financial statements are reported on the modified cash basis of accounting. As a result, the following disclosure related to the Town's participation in the Wisconsin Retirement System is for informational purposes only and the related net pension asset, deferred outflows and deferred inflows are disclosed but not reported on the face of the financial statements.

#### 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, 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 Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

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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.

### 2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

### 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 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, 2022, the WRS recognized \$4,026 in contributions from the Town.

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 Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Town's proportionate share of the net pension asset of \$25,103. 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 0.00031145%, which was a increase of 0.00001479% from its proportion measured as of December 31, 2020. 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.

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	\$ 40,552	\$ 2,924
Net differences between projected and actual earnings on pension plan investments	-	56,157
Changes in assumptions	4,682	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	164	132
Employer contributions subsequent to the measurement date	4,026	-
Total	<u>\$ 49,424</u>	<u>\$ 59,213</u>

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

\$4,026 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, 2023. 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
2023	\$ (1,184)
2024	(6,814)
2025	(2,973)
2026	(2,844)
Total	<u>\$ (13,815)</u>

### 5. Actuarial Assumptions

The total pension asset in the December 31, 2021 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 (asset):	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%

\* *No post-retirement 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 post-retirement discount rate.*

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, post-retirement 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.

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

**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:

	<b>Asset Allocation %</b>	<b>Long-term Expected Nominal Rate of Return %</b>	<b>Long-term Expected Real Rate of Return %</b>
<u>Core Fund Asset Class</u>			
Global equities	52%	6.8%	4.2%
Fixed income	25.0%	4.3%	1.8%
Inflation sensitive assets	19.0%	2.7%	0.2%
Real estate	7%	5.6%	3.0%
Private equity/debt	12%	9.7%	7.0%
Cash	-15%	0.9%	N/A
Total Core Fund	100%	6.6%	4.0%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	6.6%	4.1%
International equities	30%	7.4%	4.9%
Total Variable Fund	100%	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%.

**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 include 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 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.



# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

### 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 6.80% 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Town's proportionate share of the net pension liability (asset)	\$ 17,812	\$ (25,103)	\$ (55,995)

**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 had no payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

### 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, 2022, the Town contributed \$12,379 to the plan, and the Town recognized pension expense of \$12,379.

### 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, 2022, restricted fund balance was as follows:

General Fund	
Restricted for	
Park impact fees	\$ 7,008
Fire department	12,010
	<hr/>
Total	<u>\$ 19,018</u>

# Town of Neenah Winnebago County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

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### Committed Fund Balance

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

General Fund	
Committed for	
Tuller Road improvements	<u>\$ 34,830</u>

### Assigned Fund Balance

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

General Fund	
Assigned for subsequent years budget	<u>\$ 275,974</u>

## NOTE 4: OTHER INFORMATION

### A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage. Payment of premiums for these policies are recorded as expenses of the Town. Insurance settlements have not exceeded coverage in any of the past three 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 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. PRIOR PERIOD ADJUSTMENT

The Town recorded a prior period adjustment to decrease unearned revenue by \$184,583 which resulted in an increase in fund balance in the governmental funds and net position of the governmental activities of \$184,583.

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 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	0.00012617%	\$ (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%
12/31/19	0.00030859%	(9,950)	47,520	20.94%	102.96%
12/31/20	0.00029666%	(18,250)	47,520	38.97%	105.26%
12/31/21	0.00031145%	(25,103)	60,495	41.50%	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 (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	-	47,520	6.55%
12/31/20	3,208	3,208	-	47,520	6.75%
12/31/21	4,083	4,083	-	60,495	6.75%
12/31/22	4,026	4,026	-	61,935	6.50%

### NOTES TO OTHER 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 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 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, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Taxes</b>				
Property taxes	\$ 491,602	\$ 491,602	\$ 491,602	\$ -
Forest crop and MFL	-	-	422	422
Other taxes	-	-	2,607	2,607
<b>Total taxes</b>	<b>491,602</b>	<b>491,602</b>	<b>494,631</b>	<b>3,029</b>
<b>Intergovernmental</b>				
Federal				
Fire	-	-	977	977
State				
State shared taxes	299,864	299,864	313,818	13,954
Fire insurance dues	19,000	19,000	19,655	655
Tax exempt computer aid	7,716	7,716	7,716	-
Transportation	88,169	88,169	87,922	(247)
Recycling grant	9,400	9,400	9,448	48
State aid forest crop/MFL	-	-	8	8
Other state payments	10,484	10,484	204,997	194,513
<b>Total intergovernmental</b>	<b>434,633</b>	<b>434,633</b>	<b>655,907</b>	<b>221,274</b>
<b>Licenses and permits</b>				
Licenses				
Operators, cigarette and other licenses	17,230	17,230	22,806	5,576
Dog	1,500	1,500	1,203	(297)
Permits				
Building	15,500	15,500	15,887	387
Zoning	400	400	990	590
<b>Total licenses and permits</b>	<b>34,630</b>	<b>34,630</b>	<b>40,886</b>	<b>6,256</b>
<b>Public charges for services</b>				
General government	1,400	1,400	1,301	(99)
Fire department	160	160	-	(160)
Highway	1,620	1,620	3,916	2,296
Garbage collection	201,550	201,550	200,694	(856)
Weed control	-	-	-	-
<b>Total public charges for services</b>	<b>204,730</b>	<b>204,730</b>	<b>205,911</b>	<b>1,181</b>
<b>Intergovernmental charges for services</b>				
General government	53,000	53,000	54,040	1,040
Fire	-	-	(977)	(977)
<b>Total intergovernmental charges for services</b>	<b>53,000</b>	<b>53,000</b>	<b>53,063</b>	<b>63</b>
<b>Miscellaneous</b>				
Interest on investments	7,200	7,200	16,182	8,982
Rent	20,584	20,584	24,365	3,781
Insurance recoveries	-	-	482	482
Donations	-	-	6,509	6,509
Other	-	-	6,659	6,659
<b>Total miscellaneous</b>	<b>27,784</b>	<b>27,784</b>	<b>54,197</b>	<b>26,413</b>
<b>Total revenues collected</b>	<b>\$ 1,246,379</b>	<b>\$ 1,246,379</b>	<b>\$ 1,504,595</b>	<b>\$ 258,216</b>

# Town of Neenah

## Winnebago County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES PAID - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General government				
Board	\$ 68,296	\$ 68,296	\$ 63,620	\$ 4,676
Legal	45,000	45,000	36,668	8,332
Clerk/Treasurer	61,800	61,800	61,935	(135)
Deputy Clerk	27,000	27,000	23,313	3,687
Clerk/Treasurer supplies & expenditures	32,405	32,405	34,798	(2,393)
Elections	12,800	12,800	9,554	3,246
Assessor	16,600	16,600	16,367	233
Professional services	9,030	9,030	9,030	-
Town hall	51,272	48,047	27,272	20,775
Insurance	24,000	24,000	22,488	1,512
Employee benefits	12,917	12,917	12,956	(39)
Total general government	<u>361,120</u>	<u>357,895</u>	<u>318,001</u>	<u>39,894</u>
Public safety				
Fire protection	129,344	129,344	147,644	(18,300)
Rescue squad	9,400	9,400	8,268	1,132
Building inspection	20,000	20,000	14,544	5,456
Total public safety	<u>158,744</u>	<u>158,744</u>	<u>170,456</u>	<u>(11,712)</u>
Public works				
Highway maintenance	194,000	194,000	92,565	101,435
Highway construction	391,101	391,101	187,119	203,982
Street lighting	24,000	24,000	20,801	3,199
Refuse and garbage	153,970	153,970	163,481	(9,511)
Recycling	45,723	45,723	51,419	(5,696)
Weed and nuisance control	-	-	21	(21)
Razing expenses	-	-	24,250	(24,250)
Total public works	<u>808,794</u>	<u>808,794</u>	<u>539,656</u>	<u>269,138</u>
Health and human services				
Animal and insect control	200	200	145	55
Culture and recreation				
Parks	97,096	100,321	98,774	1,547
Parks outlay	6,000	6,000	6,277	(277)
Recreation facilities	23,330	23,330	24,600	(1,270)
Total culture and recreation	<u>126,426</u>	<u>129,651</u>	<u>129,651</u>	<u>-</u>
Conservation and development				
Wetland mitigation	5,000	5,000	531	4,469
Debt service				
Principal	96,214	96,214	96,214	-
Interest and fiscal charges	6,263	6,263	6,263	-
Total debt service	<u>102,477</u>	<u>102,477</u>	<u>102,477</u>	<u>-</u>
<b>Total expenditures paid</b>	<u>\$ 1,562,761</u>	<u>\$ 1,562,761</u>	<u>\$ 1,260,917</u>	<u>\$ 301,844</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**

Town Board  
Town of Neenah  
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 business-type activities, each major fund, and the aggregate remaining fund information of Town of Neenah, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Neenah's basic financial statements, and have issued our report thereon dated April 6, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Town of Neenah'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 Town of Neenah's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Neenah'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 entity'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

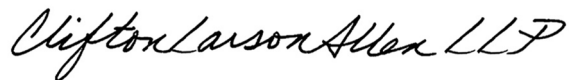
As part of obtaining reasonable assurance about whether Town of Neenah’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Neenah’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Neenah’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Neenah’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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin  
April 6, 2023

# Town of Neenah

## Winnebago County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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### INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2022-001	<p><b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2021-001 Material Weakness in Internal Control over Financial Reporting</p>
Condition:	<p>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.</p>
Criteria or Specific Requirement:	<p>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.</p>
Cause:	<p>The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.</p>
Effect:	<p>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.</p>
Recommendation:	<p>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.</p>
Views of Responsible Officials and Planned Corrective Action:	<p>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.</p>

# Town of Neenah

## Winnebago County, Wisconsin

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2022

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FINDING NO.	CONTROL DEFICIENCIES
2022-002	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2021-002 Material Weakness 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 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. 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 and 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.
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:	The Town may not be able to completely prepare an annual financial report in accordance with the modified cash basis of accounting.
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 and Planned Corrective Action:	Management will continue to review and approve the financial statements prior to issuance.



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