

TOWN OF WASHINGTON

Annual Financial Report

December 31, 2018

TOWN OF WASHINGTON

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Washington
Washington Island, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the Town of Washington (Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Town of Washington as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Town Board
Town of Washington

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System on page 38, the schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits on page 39, and the budgetary comparison information on pages 40 through 41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Washington's basic financial statements. The budgetary information on pages 43 to 50, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.



KerberRose SC
Certified Public Accountants
April 19, 2019

BASIC FINANCIAL STATEMENTS

TOWN OF WASHINGTON

Statement of Net Position

As of December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Washington Island Fire and Rescue, Inc.
ASSETS				
Cash and Investments	\$ 1,300,612	\$ 33,079	\$ 1,333,691	\$ 56,861
Receivables:				
Accounts	5,246	-	5,246	-
Taxes	830,074	-	830,074	-
Customers	-	7,456	7,456	-
Internal Balances	17,490	(17,490)	-	-
Inventory	116,661	-	116,661	-
Restricted Cash	465,160	-	465,160	-
Net Pension Asset	107,291	-	107,291	-
Capital Assets:				
Capital Assets Not Being Depreciated	1,419,649	-	1,419,649	-
Other Capital Assets, Net of Depreciation	3,712,026	4,831	3,716,857	-
Total Assets	<u>7,974,209</u>	<u>27,876</u>	<u>8,002,085</u>	<u>56,861</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	190,226	-	190,226	-
Deferred Outflows of Resources Related to Other				
Post-Employment Benefits	5,481	-	5,481	-
Total Deferred Outflows of Resources	<u>195,707</u>	<u>-</u>	<u>195,707</u>	<u>-</u>
LIABILITIES				
Accounts Payable	14,587	-	14,587	-
Accrued Liabilities	19,454	151	19,605	-
Accrued Interest Payable	8,252	-	8,252	-
Long-Term Obligations:				
Due Within One Year	145,405	-	145,405	-
Due in More Than One Year	811,583	-	811,583	-
Total Liabilities	<u>999,281</u>	<u>151</u>	<u>999,432</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	214,606	-	214,606	-
Deferred Inflows of Resources Related to Other				
Post-Employment Benefits	348	-	348	-
Taxes Levied for Subsequent Period	1,140,267	-	1,140,267	-
Total Deferred Inflows of Resources	<u>1,355,221</u>	<u>-</u>	<u>1,355,221</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	4,375,641	4,831	4,380,472	-
Restricted				
Pension Benefits	82,911	-	82,911	-
DNR Funds	107,061	-	107,061	-
Washington Island Foundation	600,620	-	600,620	-
Unrestricted	649,181	22,894	672,075	56,861
TOTAL NET POSITION	<u>\$ 5,815,414</u>	<u>\$ 27,725</u>	<u>\$ 5,843,139</u>	<u>\$ 56,861</u>

See Accompanying Notes

TOWN OF WASHINGTON
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General Government	\$ 329,109	\$ 7,113	\$ -
Public Safety	402,771	-	112,257
Public Works	755,598	21,942	169,189
Health and Human Services	135,586	10,700	-
Culture, Recreation and Education	513,456	189,155	86,595
Interest and Fiscal Charges	25,907	-	-
Total Governmental Activities	2,162,427	228,910	368,041
BUSINESS-TYPE ACTIVITIES			
Utility District	58,203	43,983	-
TOTAL PRIMARY GOVERNMENT	\$ 2,220,630	\$ 272,893	\$ 368,041
COMPONENT UNIT			
Fire and Rescue Squad	\$ 51,186	\$ -	\$ -

GENERAL REVENUES

Property Taxes, Levied for General Purposes
Other Taxes
State and Federal Aids not Restricted to Specific
Functions
Interest and Investment Earnings
Donations
Rent
Miscellaneous
Total General Revenues

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR - AS RESATED

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Washington Island Fire and Rescue, Inc.
\$ (321,996)	\$ -	\$ (321,996)	\$ -
(290,514)	-	(290,514)	-
(564,467)	-	(564,467)	-
(124,886)	-	(124,886)	-
(237,706)	-	(237,706)	-
(25,907)	-	(25,907)	-
<u>(1,565,476)</u>	<u>-</u>	<u>(1,565,476)</u>	<u>-</u>
-	(14,220)	(14,220)	-
<u>(1,565,476)</u>	<u>(14,220)</u>	<u>(1,579,696)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,186)</u>
1,139,121	-	1,139,121	-
25,388	-	25,388	-
34,813	-	34,813	-
16,052	-	16,052	-
91,374	-	91,374	-
27,048	-	27,048	-
34,939	-	34,939	53,226
<u>1,368,735</u>	<u>-</u>	<u>1,368,735</u>	<u>53,226</u>
(196,741)	(14,220)	(210,961)	2,040
<u>6,012,155</u>	<u>41,945</u>	<u>6,054,100</u>	<u>54,821</u>
<u>\$ 5,815,414</u>	<u>\$ 27,725</u>	<u>\$ 5,843,139</u>	<u>\$ 56,861</u>

See Accompanying Notes

TOWN OF WASHINGTON

Balance Sheet

Governmental Funds

As of December 31, 2018

	<u>General</u>	<u>Washington Island Foundation</u>	<u>Total</u>
ASSETS			
Cash	\$ 747,898	\$ -	\$ 747,898
Investments	-	552,714	552,714
Accounts Receivable	5,246	-	5,246
Taxes Receivable	830,074	-	830,074
Restricted Cash	417,254	47,906	465,160
Inventory	116,661	-	116,661
Due from Other Fund	17,490	-	17,490
TOTAL ASSETS	<u>\$ 2,134,623</u>	<u>\$ 600,620</u>	<u>\$ 2,735,243</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,587	\$ -	\$ 14,587
Accrued Liabilities	19,454	-	19,454
Total Liabilities	<u>34,041</u>	<u>-</u>	<u>34,041</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	<u>1,140,267</u>	<u>-</u>	<u>1,140,267</u>
FUND BALANCES			
Nonspendable			
Inventory	116,661	-	116,661
Restricted			
Landfill Escrow	107,061	-	107,061
Washington Island Foundation	-	600,620	600,620
Assigned			
Utility District Expense Reimbursement			
Archives	26,412	-	26,412
Dock	22,593	-	22,593
Red Barn	79,833	-	79,833
Community Center	70,452	-	70,452
Unassigned	537,303	-	537,303
Total Fund Balances	<u>960,315</u>	<u>600,620</u>	<u>1,560,935</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,134,623</u>	<u>\$ 600,620</u>	<u>\$ 2,735,243</u>

See Accompanying Notes

TOWN OF WASHINGTON

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
As of December 31, 2018

Total Fund Balances - Governmental Funds \$ 1,560,935

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund fund balances because

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental Capital Assets	9,668,815	
Governmental Accumulated Depreciation	<u>(4,537,140)</u>	5,131,675

The Town's proportionate share of the Wisconsin Retirement System is not an available financial resource; therefore, it is not reported in the fund financial statements:

Net Pension Asset	107,291	
Deferred Outflows of Resources Related to Pension	190,226	
Deferred Inflows of Resources Related to Pension	<u>(214,606)</u>	82,911

The Town's proportionate share of the other post-employment benefits is not an available financial resource; therefore, it is not reported in the fund financial statements:

Deferred Outflows of Resources Related to Other Post-Employment Benefits	5,481	
Deferred Inflows of Resources Related to Other Post-Employment Benefits	<u>(348)</u>	5,133

Certain liabilities, including bonds and notes payable, are not due in the current period and are therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

General Debt	(756,034)	
Accrued Interest	(8,252)	
Vested Employee Benefits	(33,270)	
Other Post-Employment Benefits - Cost Sharing Plan	(24,731)	
Post-Employment Benefits	(17,400)	
Closure and Post-Closure Costs	<u>(125,553)</u>	<u>(965,240)</u>

Total Net Position - Governmental Activities \$ 5,815,414

TOWN OF WASHINGTON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Washington Island Foundation</u>	<u>Total</u>
REVENUES				
Taxes				
Property Taxes	\$ 1,139,121	\$ -	\$ -	\$ 1,139,121
Other Taxes	25,388	-	-	25,388
Intergovernmental	319,956	-	-	319,956
Licenses and Permits	7,113	-	-	7,113
Public Charges for Services	266,135	-	64,156	330,291
Miscellaneous	134,218	-	13,089	147,307
Total Revenues	<u>1,891,931</u>	<u>-</u>	<u>77,245</u>	<u>1,969,176</u>
EXPENDITURES				
Current:				
General Government	280,925	-	-	280,925
Public Safety	363,208	-	-	363,208
Public Works	654,310	-	-	654,310
Health and Human Services	135,586	-	-	135,586
Culture, Recreation and Education	361,288	-	25,313	386,601
Capital Outlay	271,711	-	-	271,711
Debt Service:				
Principal	-	101,302	-	101,302
Interest and Fiscal Charges	-	25,495	-	25,495
Total Expenditures	<u>2,067,028</u>	<u>126,797</u>	<u>25,313</u>	<u>2,219,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(175,097)</u>	<u>(126,797)</u>	<u>51,932</u>	<u>(249,962)</u>
OTHER FINANCING SOURCE (USE)				
Transfers In	64,156	55,233	-	119,389
Transfers Out	(55,233)	-	(64,156)	(119,389)
Total Other Financing Source (Use)	<u>8,923</u>	<u>55,233</u>	<u>(64,156)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(166,174)	(71,564)	(12,224)	(249,962)
FUND BALANCES - BEGINNING - AS RESTATED	<u>1,126,489</u>	<u>71,564</u>	<u>612,844</u>	<u>1,810,897</u>
FUND BALANCES - ENDING	<u>\$ 960,315</u>	<u>\$ -</u>	<u>\$ 600,620</u>	<u>\$ 1,560,935</u>

TOWN OF WASHINGTON

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net Change In Fund Balances - Total Governmental Funds		\$ (249,962)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense</p>		
Capital outlay reported in governmental fund statement	271,711	
Depreciation expense reported in the statement of activities	<u>(299,367)</u>	
Amount by which capital outlays are less than depreciation in the current period.		(27,656)
<p>The Town disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expenses reported on the statement of activities as a net loss and has no effect on the governmental funds balance sheet.</p>		
The value of capital assets disposed of during the year	(110,102)	
The amount of depreciation recaptured for the year	<u>96,758</u>	
Amount by which disposals exceeded depreciation recapture		(13,344)
<p>Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. In the current year, the amount paid is more than the amount earned by</p>		
		826
<p>Closure and post-closure costs in governmental funds are reported as expenditures, but is reported as a decrease in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.</p>		
		1,098
<p>Post-employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. In the current year, the amount paid is</p>		
		9,600
<p>Amounts related to the pension plan that do not use current financial resources are not reported in the fund financial statements.</p>		
		(15,316)
<p>Amounts related to the cost-sharing other post-employment benefits plan that do not use current financial resources are not reported in the fund financial statements.</p>		
		(2,877)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.</p>		
The amount of long-term debt principal payments in the current year		101,302
<p>In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.</p>		
The amount of interest paid in the current period	25,495	
The amount of interest accrued during the current period	<u>(25,907)</u>	
Interest paid is less than interest accrued by:		<u>(412)</u>
Change in Net Position - Governmental Activities		<u>\$ (196,741)</u>

TOWN OF WASHINGTON

Statement of Net Position

Proprietary Fund

As of December 31, 2018

	<u>Utility District</u>
CURRENT ASSETS	
Cash	\$ 33,079
Accounts Receivable	7,456
Total Current Assets	<u>40,535</u>
 NON-CURRENT ASSETS	
Capital Assets, Net of Depreciation	4,831
Total Assets	<u>45,366</u>
 LIABILITIES	
Accrued Liabilities	151
Due to Other Fund	17,490
Total Liabilities	<u>17,641</u>
 NET POSITION	
Investment in Capital Assets	4,831
Unrestricted	22,894
Total Net Position	<u>\$ 27,725</u>

See Accompanying Notes

TOWN OF WASHINGTON
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2018

	Utility District
OPERATING REVENUES	
Public Charges for Services	\$ 43,983
OPERATING EXPENSES	
General and Administrative	57,311
Depreciation Expense	892
Total Operating Expenses	58,203
OPERATING LOSS	(14,220)
NET POSITION - BEGINNING OF YEAR	41,945
NET POSITION - END OF YEAR	\$ 27,725

TOWN OF WASHINGTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Utility District
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 41,308
Cash Payments to Suppliers	(19,700)
Cash Received from Municipality	4,045
Cash Payments to Employees	(57,311)
Net Cash Flows From Operating Activities	(31,658)
CASH - BEGINNING OF YEAR	64,737
CASH - END OF YEAR	\$ 33,079
RECONCILIATION OF OPERATING LOSS TO	
NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	\$ (14,220)
Adjustments to Reconcile Operating Loss to Net Cash	
Flows From Operating Activities:	
Depreciation	892
Changes in Assets and Liabilities:	
Accounts Receivable	(2,675)
Prepaid Expenses	948
Accounts Payable	(20,648)
Due to Other Fund	4,045
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (31,658)

TOWN OF WASHINGTON
Statement of Net Position
Fiduciary Funds
As of the Year Ended December 31, 2018

	<u>Length of Service Award Trust Fund</u>	<u>Agency - Tax Collection Fund</u>	<u>Total</u>
ASSETS			
Restricted Cash	\$ -	\$ 763,130	\$ 763,130
Investments	345,888	-	345,888
Taxes Receivable	-	2,042,128	2,042,128
Total Assets	<u>345,888</u>	<u>2,805,258</u>	<u>3,151,146</u>
LIABILITIES			
Due to Other Taxing Units	-	2,805,258	3,151,146
NET POSITION			
Restricted	<u>\$ 345,888</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WASHINGTON
Statement of Changes Net Position
Fiduciary Fund
As of December 31, 2018

	<u>Length of Service Award Trust Fund</u>
ADDITIONS	
Contributions by Employer	\$ 28,194
Investment Income	9,007
Total Additions	<u>37,201</u>
DEDUCTIONS	
Benefits	<u>11,700</u>
CHANGE IN NET POSITION	25,501
NET POSITION - BEGINNING	<u>320,387</u>
NET POSITION - ENDING	<u>\$ 345,888</u>

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Washington (Town) is presented to assist in understanding the Town's financial statements. The financial statements and notes are representations of the Town's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements, except for the implementation of the new accounting standard as discussed later within this footnote. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

The Town of Washington is incorporated, and is governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the Washington Island Foundation as a blended component unit and the Fire and Rescue Squad as a discretely presented component unit.

Government-Wide 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues included 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

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 revenues of the utility district fund are charges to customers for services. Operating expenses for the fund includes the cost of administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary funds are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general or debt service based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Town and is always classified a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Business-Type Activities

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and/or other governmental units.

Private-Purpose Trust Fund

This fund is used to account for resources held in trust for established post-employee benefit plans for the fire department.

Major Funds

The Town reports the following major governmental funds:

General Fund - Accounts for the Town's primary operating activities.

Debt Service Fund - Accounts for the principal and interest payments on debt.

Washington Island Foundation Fund – Accounts for the activity related to the Washington Island Foundation, reported as a blended component unit of the Town.

The Town reports the following major proprietary fund:

Utility District Fund - Accounts for the Town's utility operating activities.

Fiduciary Funds

The Town reports the following agency fund:

Tax Collection - Accounts for the assets held for other taxing entities

The Town reports the following private-purpose trust fund:

Length of Service Award Trust - Accounts for contributions by the Town to provide benefits for volunteer Firefighters and emergency medical technicians.

Component Unit

The Town reports the following component unit:

Discretely Presented Component Unit:

Washington Island Fire and Rescue, Inc. - Accounts for the fundraising activities of the fire department and rescue squad.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, current liabilities, and deferred inflows of resources) or economic resources (all assets, liabilities, and deferred outflows/inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the length of service trust fund financial statements. The agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Cash

For the purposes of the statement of cash flows, cash deposits with a maturity of three months or less from the date of purchase are considered to be cash equivalents.

Investments

The Town categorizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments that are measured using Level 1 or Level 3 inputs.

Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

Inventory

Inventory is recorded at cost, which approximates market, using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Government-Wide Statements

Capital assets, which include land, buildings and improvements, machinery and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Assets	Governmental Activities Years	Business-Type Activities Years
Buildings and Improvements	20 - 50	-
Machinery and Equipment	5 - 20	5 - 20
Infrastructure	7 - 20	-

Fund Financial Statements

Capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation is accrued when incurred in the government-wide statements. A liability for this amount is reported in the governmental funds in the fund financial statements only if they have matured. There is no accrual for sick leave because this amount is not paid out at termination and the liability is uncertain.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position of the governmental activities and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has five items that qualify for reporting in this category. Accordingly, differences between projected and actual experience, changes in assumptions, net differences between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date are reported in the governmental activities statement of net position.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position of the governmental activities and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has four deferred inflows of resources, which arise under the full accrual basis of accounting. Accordingly, taxes levied for subsequent period, differences between projected and actual experience, net differences between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions are reported in the statement of net position of the governmental activities. In addition, the taxes levied for subsequent period is reported in the governmental fund statements.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and closure and post-closure costs.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. In governmental funds, debt issuance costs are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as a nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components.

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net amounts with constraints placed on their use either 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

- Unrestricted net position – Is the net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Town Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance represents amounts constrained by the Town Board for a specific intended purpose. The Town has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Town, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Town has set a minimum fund balance reserve of 25% of the current levy value. Based on the current levy value, the amount is \$256,937.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

Implementation of New Accounting Standard

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions for the year ended December 31, 2018.

GASB Statement No. 75, establishes requirements for governments that provide their employees with OPEB through a trust and replaces GASB Statement No. 45 for those government employers. The most significant change is that governments will now be required to recognize their net OPEB liability. The pronouncement also provides for enhanced note disclosures and new Required Supplementary Information (RSI). RSI will consist schedule of employer contributions (if actuarially determined). This schedule will be for the most recent 10 years.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 2 - Cash

The Town maintains funds available for use by the governmental and business-type funds. These accounts are displayed on the statement of net position and balance sheet as "Cash." In addition, the Agency Fund uses a separate and distinct account.

The Town is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Town.

At December 31, 2018, the bank balance of cash was \$1,694,361. The Town maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2018, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

As of December 31, 2018, the Town had the following:

Fully Insured Deposits	\$ 912,389
Collateralized	<u>781,972</u>
Total	<u>\$ 1,694,361</u>

As of December 31, 2018, the Washington Island Foundation had the following:

Fully Insured Deposits	<u>\$ 47,906</u>
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The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2018.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 3 - Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on valuation inputs used to measure an asset's fair value.

Investments accounted for in the Washington Island Foundation are valued as of December 31, 2018 as follows:

	Level 2
Vanguard Mutual Fund Investment	\$ 39,381
Nicolet Wealth Management Mutual Fund	292,261
Nicolet Wealth Management Match Mutual Fund	221,071
	\$ 552,714

Investments for the annuities with Mass Mutual accounted for the in length of service award trust fund are not insured. The balance at December 31, 2018 was \$345,888, which is valued using Level 2 inputs as discussed in Note 1.

Note 4 - Restricted Assets

Restricted assets on December 31, 2018 consisted of cash totaling \$2,126,892 held for the following purposes:

Fund	Purpose	
General Fund	\$ 310,193	Tax revenues to be used for subsequent years expenditures
General Fund	107,061	Reserves for landfill escrow
Washington Island Foundation	600,620	Support recreation center
	1,017,874	
Agency Fund	763,130	Advance tax collections to be paid over to other taxing districts.
Length of Service Award Trust Fund	345,888	Contributions by the Town to provide benefits for volunteer
Total Restricted Assets	\$ 2,126,892	

Note 5 - Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December 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 are payable in full on or before January 31. 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 assumed by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

The County bills and collects on behalf of the Town, its property taxes, taxes for the School District of Washington Island, Northeast Wisconsin Technical College and the State of Wisconsin and these are deposited in accounts held by the Town.

Under 2011 Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 6 - Interfund Transfer

Interfund transfer for the year ended December 31, 2018 is as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 55,233	Annual Debt Service Payments
General Fund	Washington Island Foundation	64,156	Washington Island Foundation Reimbursements
		<u>\$ 119,389</u>	

Interfund balances between funds at December 31, 2018 are:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Utility District	<u>\$ 17,490</u>	Year End Cash Flow Timing

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 1,419,649	\$ -	\$ -	\$ 1,419,649
Other Capital Assets:				
Buildings and Improvements	3,734,098	19,453	-	3,753,551
Machinery and Equipment	2,098,773	252,258	(110,102)	2,240,929
Infrastructure	2,254,686	-	-	2,254,686
Total Capital Assets Being Depreciated	<u>8,087,557</u>	<u>271,711</u>	<u>(110,102)</u>	<u>8,249,166</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,843,583)	(89,438)	-	(1,933,021)
Machinery and Equipment	(1,623,204)	(97,393)	96,758	(1,623,839)
Infrastructure	(867,744)	(112,536)	-	(980,280)
Total Accumulated Depreciation	<u>(4,334,531)</u>	<u>(299,367)</u>	<u>96,758</u>	<u>(4,537,140)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>3,753,026</u>	<u>(27,656)</u>	<u>(13,344)</u>	<u>3,712,026</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,172,675</u>	<u>\$ (27,656)</u>	<u>\$ (13,344)</u>	<u>\$ 5,131,675</u>

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 7 - Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets being Depreciated:				
Property and Equipment	\$ 13,368	\$ -	\$ -	\$ 13,368
Less Accumulated Depreciation	<u>(7,645)</u>	<u>(892)</u>	<u>-</u>	<u>(8,537)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,723</u>	<u>\$ (892)</u>	<u>\$ -</u>	<u>\$ 4,831</u>

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

Governmental	
General Government	\$ 83,607
Public Safety	31,363
Public Works	63,777
Culture, Recreation and Education	120,620
Total Depreciation Expense for Governmental Activities	<u>\$ 299,367</u>

Note 8 - Long-Term Obligations

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

	<u>Outstanding 1/1/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding 12/31/18</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Note	\$ 857,336	\$ -	\$ 101,302	\$ 756,034	\$ 102,535
Closure and Post-Closure					
Costs	126,651	-	1,098	125,553	-
Retirement Benefits	27,000	-	9,600	17,400	9,600
Compensated Absences	34,096	33,270	34,096	33,270	33,270
Other Post-Employment Benefits	<u>16,721</u>	<u>11,056</u>	<u>3,046</u>	<u>24,731</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 1,061,804</u>	<u>\$ 44,326</u>	<u>\$ 149,142</u>	<u>\$ 956,988</u>	<u>\$ 145,405</u>

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 8 - Long-Term Obligations (Continued)

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Outstanding 12/31/2018</u>
Governmental Activities:					
Bank Note - Nicolet	6/09/2017	6/09/2025	3.50%	\$ 305,161	\$ 266,005
Bank Note - Huntington	8/28/2017	7/15/2024	3.25%	564,979	490,029
Long-Term Liabilities					<u>\$ 756,034</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 102,535	\$ 24,317	\$ 126,852
2020	105,938	20,914	126,852
2021	109,528	17,324	126,852
2022	113,234	13,618	126,852
2023	117,030	9,822	126,852
2024-2025	<u>207,769</u>	<u>7,313</u>	<u>215,082</u>
Total	<u>\$ 756,034</u>	<u>\$ 93,308</u>	<u>\$ 849,342</u>

The 2018 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$275,911,700. The legal debt limit and margin of indebtedness as of December 31, 2018, in accordance with Section 67.03 of the Wisconsin Statutes follow:

Debt Limit (5% of \$275,911,700)	\$ 13,795,585
Deduct long-term debt applicable to debt margin	<u>756,034</u>
Remaining Margin of Indebtedness Available	<u>\$ 13,039,551</u>

Note 9 - Environmental Matters

The Town was contacted by the DNR concerning its closed non-combustible landfill site that was used by the Town where underground water contamination was detected. In 1996, as part of an Administrative Order issued by the Wisconsin Department of Natural Resources, the Town has installed and is currently monitoring two groundwater wells in the area. The Town continues the implementation of a long-term groundwater monitoring plan.

The present value of total operation and maintenance costs for the next forty years has been estimated at \$125,553. This estimate is subject to changes from deflation, inflation, technology, or changes in laws and regulations.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 10 - Operating Leases

The Town is the lessee of a copier and land under operating leases. Presented below is a schedule of future minimum lease payments at December 31, 2018:

Year Ending	Amount
2019	\$ 16,184
2020	16,604
2021	181
	\$ 32,969

Rent expense for the operating leases for the year ended December 31, 2018 was \$16,978.

The Town is the lessor of land and a portion of its building under an operating lease. Presented below is a schedule of future minimum lease revenues at December 31, 2018:

Year Ending	Amount
2019	\$ 25,641
2020	25,697
2021	25,754
2022	25,812
2023	25,870
	\$ 128,774

Note 11 - Net Position

Government-wide Statements

Net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

	Total
Net Investment in Capital Assets	
Net Capital Assets	\$ 5,136,506
Less: Related Long-Term Debt Outstanding	(756,034)
Net Investment in Capital Assets	4,380,472
Restricted	
Pension Benefits	82,911
DNR Funds	107,061
Washington Island Foundation	600,620
Net Restricted	790,592
Unrestricted	672,075
Total Net Position	\$ 5,843,139

Note 12 - Benefit Pension Plan

Summary of Significant Accounting Policies

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 the 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.

General Information about the Pension Plan

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 prior to July 1, 2011, and expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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>

Vesting. 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.

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

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

The WRS also provides death and disability benefits for employees.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 12 - Benefit Pension Plan (Continued)

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

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 reporting period, the WRS recognized \$32,712 in contributions from the Town.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Asset, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2018, the Town reported an asset of \$107,291 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00361358%, which was a decrease of 0.00004060% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$45,288.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 12 - Benefit Pension Plan (Continued)

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 136,316	\$ 63,764
Changes in assumptions	21,198	-
Net differences between projected and actual earnings on pension plan investments	-	147,462
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,380
Employer contributions subsequent to the measurement date	32,712	-
Total	<u>\$ 190,226</u>	<u>\$ 214,606</u>

The \$32,712 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Plan Year ended December 31,	Deferred Outflows (Inflows) of Resources
2018	\$ 10,357
2019	(2,062)
2020	(37,410)
2021	(28,231)
2022	254
	<u>\$ (57,092)</u>

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 12 - Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension asset for December 31, 2017 is based upon a roll-forward of the asset calculated from the December 31, 2016 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8.0	6.5	3.6
Private Equity/Debt	8.0	9.4	6.5
Multi-Asset	4.0	6.5	3.6
Total Core Fund	110.0%	7.3%	4.4%
Variable Fund Asset Class			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	7.8	4.9
Total Variable Fund	100.0%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 12 - Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. 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 asset.

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 7.20 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Town's proportionate share of the net pension liability (asset)	\$277,599	(\$107,291)	(\$399,820)

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>.

Payables to the Pension Plan

The Town is required to remit the monthly required contribution for both the employee and Town portions by the last day of the following month. The amount due to WRS as of December 31, 2018 is \$6,303.

Note 13 - Post-Employment Benefits Other Than Pension Benefits

Plan Description. The State Retiree Life Insurance Fund is a cost-sharing multiple-employer defined benefit OPEB plan (Plan). Plan benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Benefits Provided. The Plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 13 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution Rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	28% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Life Insurance	
Employee Contribution Rates	
For the year ended December 31, 2017	
Attained Age	Basic
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the Plan recognized \$1,851 in contributions from the employer.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Town reported a liability of \$24,731 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the total OPEB liability was based on the Town's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00822000%, which was a decrease of 0.00133300% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of \$3,046.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 13 - Post-Employment Benefits Other Than Pension Benefits (Continued)

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ -	\$ 348
Changes in assumptions	2,390	-
Net differences between projected and actual earnings on pension plan investments	285	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,806	-
Total	\$ 5,481	\$ 348

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year ended December 31,	Deferred Outflows (Inflows) of Resources
2018	\$ 814
2019	814
2020	814
2021	814
2022	742
2023	742
2024	393
	\$ 5,133

Actuarial Assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 13 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the Town are held with Securian, the insurance carrier. Interest is calculated and credited to the District based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the Town's proportionate share of the total OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease (2.63%)	Discount Rate (3.63%)	1% Increase (4.63%)
Total OPEB Liability	<u>\$ 34,954</u>	<u>\$ 24,731</u>	<u>\$ 16,885</u>

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

Payables to the OPEB Plan

As of December 31, 2018, the Town had no outstanding payables to the OPEB plan.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 14 - Fire Department Retirement

The Washington Island Fire Department has enrolled in a length of service award program, a program developed by the State of Wisconsin. This is a defined contribution plan. Upon completion of 10 years of service, participants will be 50 percent vested. An additional 5 percent vesting will be accumulated for each subsequent year of service. Upon completion of 20 years of service, participants will be fully vested.

The most recent statement provided was for the year ended December 31, 2017. For 2018, the Town contributions were \$28,194 based on qualified earnings of \$54,998. Gross salary and wage compensation for the Town was \$659,088. Because the plan is based on defined contributions, the Town has no additional liability for future employees retirement above the amounts it contributes annually. All amounts contributed by the Town are fully vested to Town employees.

Note 15 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Town purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

Note 16 - Contingencies

From time to time, the Town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Town's attorney 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.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the Town comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Town. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Town.

Note 17 - Component Unit

The Fire and Rescue Squad (Organization) is included as a component unit in a discrete column on the statement of net position and the statement of activities. The Organization provides services to the Town of Washington. The Organization utilizes the full accrual basis of accounting. The following additional disclosures are considered necessary for a fair presentation.

TOWN OF WASHINGTON
Notes to Basic Financial Statements
December 31, 2018

Note 17 - Component Unit (Continued)

Cash

At December 31, 2018, the bank balance of cash was \$56,861. The Organization maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization deposits may not be returned. The Organization does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

As of December 31, 2018 the Organization has the following deposits:

Fully Insured Deposits	\$ <u>56,861</u>
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Note 18 - Restatement of Beginning Net Position/Fund Balance

The restatement of net position in the government-wide financial statements was the result of implementing Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

The restatement of net position was also the result of reporting the Washington Island Foundation as a blended component unit.

The effect on the change in net position for the year ended December 31, 2017 is not reasonably determinable.

Net Position of Governmental Activities - As of December 31, 2017	\$ 5,416,032
Other Post-Employment Benefits Liability	(16,721)
Washington Island Foundation	<u>612,844</u>
Net Position of Governmental Activities - As Restated December 31, 2017	<u>\$ 6,012,155</u>

The restatement affected the fund balance as of December 31, 2017 as follows:

Fund Balance - As of December 31, 2017	\$ -
Washington Island Foundation	<u>612,844</u>
Fund Balance - As Restated December 31, 2017	<u>\$ 612,844</u>

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WASHINGTON

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)

WRS Fiscal Year End Date (Measurement Date)	Town's Proportion of the Net Pension Asset/Liability	Town's Proportionate Share of the Net Pension (Asset)/Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2017	0.00361358%	\$ (107,291)	\$ 440,451	-24.36%	102.93%
12/31/2016	0.00365418%	30,119	432,022	6.97%	99.12%
12/31/2015	0.00374341%	60,830	457,840	13.29%	98.20%
12/31/2014	0.00357314%	(87,766)	446,003	-19.68%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

Town Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2018	\$ 32,712	\$ (32,712)	-	\$ 444,424	7.36%
12/31/2017	33,990	(33,990)	-	440,451	7.72%
12/31/2016	31,328	(31,328)	-	432,022	7.25%
12/31/2015	40,559	(40,559)	-	457,840	8.86%

TOWN OF WASHINGTON

Schedule of Employer's Proportionate Share of the Other Post-Employment Benefits Liability
Other Post-Employment Benefits

<u>WRS Fiscal Year End Date (Measurement Date)</u>	<u>Town's Proportion of the Net Pension Asset/Liability</u>	<u>Town's Proportionate Share of the Net Pension (Asset)/Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/2017	0.00822000%	\$ 24,731	\$ 345,675	7.15%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits

<u>Town Year End Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$ 1,851	\$ (1,851)	-	\$ 130,773	1.42%

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TOWN OF WASHINGTON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>	
	<u>Original</u>	<u>Final</u>
REVENUES		
Taxes	\$ 1,154,121	\$ 1,154,121
Intergovernmental	297,719	301,719
Licenses and Permits	5,555	5,555
Fines and Forfeitures	200	200
Public Charges for Services	342,310	384,310
Miscellaneous	67,331	85,159
Total Revenues	<u>1,867,236</u>	<u>1,931,064</u>
EXPENDITURES		
Current		
General Government	316,120	316,120
Public Safety	354,840	386,920
Public Works	767,080	767,080
Health and Human Services	135,700	135,700
Culture, Recreation and Education	387,521	384,871
Capital Outlay	129,100	308,756
Total Expenditures	<u>2,090,361</u>	<u>2,299,447</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(223,125)</u>	<u>(368,383)</u>
OTHER FINANCING USE		
Proceeds from Long-Term Debt	125,500	125,500
Transfer In	-	-
Transfer Out	(131,053)	(131,053)
Total Financing Sources (Uses)	<u>(5,553)</u>	<u>(5,553)</u>
NET CHANGE IN FUND BALANCE	(228,678)	(373,936)
FUND BALANCE - BEGINNING	<u>1,126,489</u>	<u>1,126,489</u>
FUND BALANCE - ENDING	<u>\$ 897,811</u>	<u>\$ 752,553</u>

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 1,164,509	\$ 10,388
319,956	18,237
7,113	1,558
-	(200)
266,135	(118,175)
134,218	49,059
<u>1,891,931</u>	<u>(39,133)</u>
280,925	35,195
363,208	23,712
654,310	112,770
135,586	114
361,288	23,583
271,711	37,045
<u>2,067,028</u>	<u>232,419</u>
<u>(175,097)</u>	<u>193,286</u>
-	(125,500)
64,156	64,156
<u>(55,233)</u>	<u>75,820</u>
<u>8,923</u>	<u>14,476</u>
(166,174)	207,762
<u>1,126,489</u>	<u>-</u>
<u>\$ 960,315</u>	<u>\$ 207,762</u>

Budgetary Process

The Town follows these procedures in establishing the budgetary data:

- During October, Town management submits to the Town Board 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.
- Budget is defined as the originally approved budget plus or minus approved amendments. 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.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

Defined Benefit Pension Plan

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

Changes of assumptions. There change in assumptions is as follows:

	Fiscal Year Ended	
	<u>12/31/2018</u>	<u>12/31/2017</u>
Long-Term Bond Rate	3.31%	3.56%

Other Post-Employment Benefits Other Than Pension Benefits

Changes of benefit terms. There were no changes of benefit terms for any participating employer in OPEB.

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

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TOWN OF WASHINGTON

Schedule of Detailed Revenues and Other Financing Sources - Budgetary Comparison

General Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>	
	<u>Original</u>	<u>Final</u>
REVENUES		
TAXES		
General Property Taxes	\$ 1,139,121	\$ 1,139,121
Room Taxes	15,000	15,000
Interest and Penalties on Taxes	-	-
Total Taxes	<u>1,154,121</u>	<u>1,154,121</u>
INTERGOVERNMENTAL		
State Shared Revenues	17,363	17,363
State Fire Insurance Dues	8,000	8,000
Exempt Computer Aid	120	120
Highway Safety - Federal	-	-
Police Training	320	4,320
Police - County	100,000	100,000
Police - State Grant	-	-
State Highway Aids	137,391	137,391
Highway - County	15,000	15,000
Recycling - County	4,000	4,000
Parks - County	1,500	1,500
Municipal Services	1,400	1,400
Forest Cropland/Managed Forest	12,625	12,625
Total Intergovernmental	<u>297,719</u>	<u>301,719</u>
LICENSES AND PERMITS		
Business and Occupational Licenses	5,000	5,000
Nonbusiness Licenses	555	555
Total Licenses and Permits	<u>5,555</u>	<u>5,555</u>
FINES, FORFEITURES AND PENALTIES		
Law and Ordinance Violations	<u>200</u>	<u>200</u>

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 1,139,121	\$ -
25,196	10,196
192	192
<u>1,164,509</u>	<u>10,388</u>
17,685	322
7,937	(63)
155	35
1,000	1,000
320	(4,000)
100,000	-
4,000	4,000
137,391	-
27,618	12,618
3,179	(821)
3,698	2,198
3,507	2,107
13,466	841
<u>319,956</u>	<u>18,237</u>
5,790	790
1,323	768
<u>7,113</u>	<u>1,558</u>
<u>-</u>	<u>(200)</u>

TOWN OF WASHINGTON

Schedule of Detailed Revenues and Other Financing Sources - Budgetary Comparison - Continued

General Fund

For the Year Ended December 31, 2018

	Budgeted Amounts	
	Original	Final
PUBLIC CHARGES FOR SERVICES		
Airport	\$ 5,000	\$ 5,000
Sewage Service	40,700	40,700
Refuse and Garbage Collection	15,000	15,000
Cemetery	5,000	5,000
Jacobsen Museum	15,000	15,000
Recreation Center	237,060	279,060
Welcome Center	550	550
Red Barn	9,000	9,000
Jackson Harbor	15,000	15,000
Total Public Charges for Services	342,310	384,310
MISCELLANEOUS		
Interest and Investment Income	2,000	2,000
Rent	29,000	29,000
Donations	33,711	41,711
Insurance Recoveries	-	9,828
Other Revenues	2,620	2,620
Total Miscellaneous	67,331	85,159
OTHER FINANCING SOURCES		
Proceeds from Long-Term Debt	125,500	125,500
Transfer In	-	-
Total Other Financing Sources	125,500	125,500
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,992,736	\$ 2,056,564

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 5,399	\$ 399
3,489	(37,211)
16,543	1,543
10,700	5,700
20,202	5,202
184,957	(94,103)
390	(160)
-	(9,000)
24,455	9,455
<u>266,135</u>	<u>(118,175)</u>
2,963	963
27,048	(1,952)
80,082	38,371
9,828	-
14,297	11,677
<u>134,218</u>	<u>49,059</u>
-	(125,500)
64,156	64,156
<u>64,156</u>	<u>(61,344)</u>
<u>\$ 1,956,087</u>	<u>\$ (100,477)</u>

TOWN OF WASHINGTON

Schedule of Detailed Expenditures and Other Financing Use - Budgetary Comparison

General Fund

For the Year Ended December 31, 2018

	Budgeted Amounts	
	Original	Final
EXPENDITURES AND OTHER FINANCING USE		
GENERAL GOVERNMENT		
Legislative	\$ 19,050	\$ 19,050
Legal	11,500	11,500
Clerk/Treasurer and Elections	149,560	149,560
Assessor	85,700	85,700
Auditing	11,500	11,500
Insurance	12,800	12,800
Town Hall	24,510	24,510
Miscellaneous	1,500	1,500
Total General Government	316,120	316,120
PUBLIC SAFETY		
Law Enforcement	225,220	225,220
Fire Protection	122,800	154,880
Ambulance	2,000	2,000
Emergency	4,820	4,820
Total Public Safety	354,840	386,920
PUBLIC WORKS		
Town Shop	24,900	24,900
Highway	387,380	387,380
Waste Disposal	141,400	141,400
Airport	19,200	19,200
Street Lighting	3,500	3,500
Sewage Service	40,700	40,700
Highway Construction	150,000	150,000
Total Public Works	767,080	767,080
HEALTH AND HUMAN SERVICES		
Public Health	135,200	135,200
Cemetery	500	500
Total Health and Human Services	135,700	135,700

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 18,247	\$ 803
6,966	4,534
130,541	19,019
85,595	105
12,346	(846)
8,156	4,644
17,078	7,432
1,996	(496)
<u>280,925</u>	<u>35,195</u>
215,129	10,091
140,961	13,919
2,382	(382)
4,736	84
<u>363,208</u>	<u>23,712</u>
20,614	4,286
410,040	(22,660)
146,316	(4,916)
23,880	(4,680)
2,124	1,376
-	40,700
51,336	98,664
<u>654,310</u>	<u>112,770</u>
135,200	-
386	114
<u>135,586</u>	<u>114</u>

TOWN OF WASHINGTON

Schedule of Detailed Expenditures and Other Financing Use - Budgetary Comparison - Continued

General Fund

For the Year Ended December 31, 2018

	Budgeted Amounts	
	Original	Final
CULTURE, RECREATION AND EDUCATION		
Art and Nature Center	\$ 1,000	\$ 1,000
Archives	18,711	18,711
Community Center	62,000	59,350
Community Van	1,000	1,000
Jackson Harbor	13,000	13,000
Jacobsen Museum	12,000	12,000
Library	400	400
Welcome Center - Marketing	21,000	21,000
Red Barn	9,000	9,000
Parks	20,150	20,150
Recreation Center	229,260	229,260
Total Culture, Recreation and Education	387,521	384,871
CAPITAL OUTLAY		
Public Safety	-	124,529
Public Works	125,500	145,977
Culture and Recreation	3,600	38,250
Total Capital Outlay	129,100	308,756
OTHER FINANCING USE		
Transfer Out	131,053	131,053
TOTAL EXPENDITURES AND OTHER FINANCING USE	\$ 2,221,414	\$ 2,430,500

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 328	\$ 672
15,705	3,006
54,411	4,939
941	59
18,348	(5,348)
13,742	(1,742)
348	52
25,336	(4,336)
6,892	2,108
14,810	5,340
210,427	18,833
<u>361,288</u>	<u>23,583</u>
182,754	(58,225)
37,247	108,730
51,710	(13,460)
<u>271,711</u>	<u>37,045</u>
<u>55,233</u>	<u>75,820</u>
<u>\$ 2,122,261</u>	<u>\$ 308,239</u>

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