

Town of Lisbon

Financial Statements and Supplementary Information

December 31, 2020

Town of Lisbon

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Lisbon
Lisbon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Lisbon'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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Lisbon's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town of Lisbon'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.

To the Town Board
Town of Lisbon

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, and the aggregate remaining fund information of the Town of Lisbon, Wisconsin, as of December 31, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lisbon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 16, 2021

BASIC FINANCIAL STATEMENTS

Town of LisbonStatement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 3,758,221	\$ 284,796	\$ 4,043,017
Taxes receivable	5,286,818	231,776	5,518,594
Delinquent personal property taxes receivable	5,649	-	5,649
Accounts receivable, net	574,269	-	574,269
Internal balances	4,054	(4,054)	-
Prepaid items	52,632	-	52,632
Land held for resale	1,709,545	-	1,709,545
Restricted Asset			
Net Pension Asset	241,348	-	241,348
Capacity entitlements, net	1,080,978	-	1,080,978
Capital assets:			
Land	558,240	-	558,240
Other capital assets	43,139,530	818,496	43,958,026
Less accumulated depreciation/amortization	(20,858,102)	(60,385)	(20,918,487)
Total assets	<u>35,553,182</u>	<u>1,270,629</u>	<u>36,823,811</u>
Deferred Outflows of Resources			
Deferred charge on refunding	11,519	-	11,519
Pension related amounts	569,321	-	569,321
Total deferred outflows of resources	<u>580,840</u>	<u>-</u>	<u>580,840</u>
Liabilities			
Accounts payable and accrued liabilities	236,678	2,147	238,825
Deposits	323,409	200	323,609
Accrued interest payable	87,422	-	87,422
Noncurrent liabilities:			
Due within one year	1,624,358	-	1,624,358
Due in more than one year	7,770,052	-	7,770,052
Total liabilities	<u>10,041,919</u>	<u>2,347</u>	<u>10,044,266</u>
Deferred Inflows of Resources			
Pension related amounts	724,599	-	724,599
OPEB related amounts	89,272	-	89,272
Unearned revenues	5,313,776	231,776	5,545,552
Total deferred inflows of resources	<u>6,127,647</u>	<u>231,776</u>	<u>6,359,423</u>
Net Position			
Net investment in capital assets	14,562,576	758,111	15,320,687
Restricted:			
Library	10,710	-	10,710
Park	82,593	-	82,593
Building	244,538	-	244,538
Fire operations	31,819	-	31,819
Pension	241,348	-	241,348
Sewer study	104,937	-	104,937
Unrestricted	4,685,935	278,395	4,964,330
Total net position	<u>\$ 19,964,456</u>	<u>\$ 1,036,506</u>	<u>\$ 21,000,962</u>

See notes to financial statements

Town of Lisbon

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 1,276,269	\$ 217,300	\$ -	\$ -	\$ (1,058,969)	\$ -	\$ (1,058,969)
Public safety	2,508,777	1,312,566	58,518	-	(1,137,693)	-	(1,137,693)
Public works	3,652,056	109,542	383,486	5,277,303	2,118,275	-	2,118,275
Sanitation	826,528	866,747	-	-	40,219	-	40,219
Culture and recreation	148,976	33,311	-	-	(115,665)	-	(115,665)
Conservation and development	1,408,609	129,447	-	-	(1,279,162)	-	(1,279,162)
Interest and fiscal charges	199,757	-	-	-	(199,757)	-	(199,757)
Total governmental activities	10,020,972	2,668,913	442,004	5,277,303	(1,632,752)	-	(1,632,752)
Business-Type Activities							
Utility District No. 1 - Stormwater and Refuse	163,969	237,482	-	-	-	73,513	73,513
Total business-type activities	163,969	237,482	-	-	-	73,513	73,513
Total primary government	<u>\$ 10,184,941</u>	<u>\$ 2,906,395</u>	<u>\$ 442,004</u>	<u>\$ 5,277,303</u>	(1,632,752)	73,513	(1,559,239)
General revenues							
Taxes:							
Property taxes, levied for general purposes					2,765,327	-	2,765,327
Property taxes, levied for debt service					1,488,180	-	1,488,180
Other taxes					106,668	-	106,668
Intergovernmental revenues not restricted to specific programs					390,847	-	390,847
Investment income					53,529	-	53,529
Gain on sale of capital assets					70,510	-	70,510
Miscellaneous					149,329	-	149,329
Total general revenues					5,024,390	-	5,024,390
Transfers					80,520	(80,520)	-
Change in net position					3,472,158	(7,007)	3,465,151
Net Position, Beginning					16,492,298	1,043,513	17,535,811
Net Position, Ending					<u>\$ 19,964,456</u>	<u>\$ 1,036,506</u>	<u>\$ 21,000,962</u>

See notes to financial statements

Town of Lisbon

Balance Sheet - Governmental Funds
December 31, 2020

	General	Debt Service Fund	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Equipment Acquisition Fund	TID #1 Fund		
Assets						
Cash and investments	\$ 2,236,042	\$ 21,295	\$ 992,867	-	\$ 508,017	\$ 3,758,221
Taxes receivable	3,806,113	1,480,705	-	-	-	5,286,818
Delinquent personal property taxes receivable	5,649	-	-	-	-	5,649
Accounts receivable (net)	544,027	-	30,242	-	-	574,269
Due from other funds	1,923,165	-	-	-	-	1,923,165
Prepaid items	52,632	-	-	-	-	52,632
Total assets	8,567,628	1,502,000	1,023,109	-	508,017	11,600,754
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)						
Liabilities:						
Accounts payable	123,440	-	-	22,480	-	145,920
Accrued liabilities	90,517	-	-	169	72	90,758
Deposits	323,409	-	-	-	-	323,409
Due to other funds	-	-	-	1,917,273	1,838	1,919,111
Total liabilities	537,366	-	-	1,939,922	1,910	2,479,198
Deferred Inflows Of Resources						
Unearned revenue	3,833,071	1,480,705	-	-	-	5,313,776
Fund Balances (deficits)						
Nonspendable	58,281	-	-	-	-	58,281
Restricted	-	21,295	-	-	474,597	495,892
Committed	-	-	1,023,109	-	31,510	1,054,619
Assigned	194,000	-	-	-	-	194,000
Unassigned (deficits)	3,944,910	-	-	(1,939,922)	-	2,004,988
Total fund balances (deficits)	4,197,191	21,295	1,023,109	(1,939,922)	506,107	3,807,780
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,567,628	\$ 1,502,000	\$ 1,023,109	\$ -	\$ 508,017	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note 2.	22,839,668
Some receivables that are not currently available are reported as unavailable revenues in the fund statements but are recognized as revenues when earned in the government-wide statements.	
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	241,348
Land held for resale does not relate to current financial resources and is not reported in the governmental funds.	1,709,545
Capacity entitlements do not relate to current financial resources and are not reported in the governmental funds.	1,080,978
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	569,321
Deferred outflows of resources related to deferred charges for refundings do not relate to current financial resources and are not reported in the governmental funds.	11,519
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(724,599)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(89,272)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds - accrued interest.	(87,422)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.	(9,394,410)
Net position of governmental activities	\$ 19,964,456

See notes to financial statements

Town of Lisbon

 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2020

	General	Debt Service Fund	Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
			Equipment Acquisition Fund	TID #1 Fund		
Revenues						
Taxes	\$ 2,871,995	\$ 1,488,180	\$ -	\$ -	\$ -	\$ 4,360,175
Intergovernmental revenues	818,900	-	-	-	-	818,900
Regulation and compliance	540,100	-	-	-	-	540,100
Public charges for services	1,985,010	16	-	-	103,528	2,088,554
Intergovernmental charges for services	18,999	-	63,485	-	34,015	116,499
Investment income	53,513	-	-	-	-	53,513
Miscellaneous	59,757	-	41,600	-	1,672	103,029
Total Revenues	6,348,274	1,488,196	105,085	-	139,215	8,080,770
Expenditures						
Current:						
General government	1,208,233	-	-	-	-	1,208,233
Public safety	2,376,757	-	-	-	-	2,376,757
Public works	863,066	-	-	-	40,709	903,775
Sanitation	826,528	-	-	-	-	826,528
Culture and recreation	150,034	-	-	-	874	150,908
Conservation and development	-	-	-	1,408,597	-	1,408,597
Capital Outlay	-	-	1,655,481	-	-	1,655,481
Debt Service:						
Principal	-	1,598,530	-	-	-	1,598,530
Interest	-	223,182	4,500	-	-	227,682
Total Expenditures	5,424,618	1,821,712	1,659,981	1,408,597	41,583	10,356,491
Excess (deficiency) of revenues over expenditures	923,656	(333,516)	(1,554,896)	(1,408,597)	97,632	(2,275,721)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	70,508	-	47,500	-	-	118,008
Debt issued	-	-	250,000	-	-	250,000
Transfers in	-	333,532	637,248	-	-	970,780
Transfers out	(890,260)	-	-	-	-	(890,260)
Total other financing sources (uses)	(819,752)	333,532	934,748	-	-	448,528
Net change in fund balances	103,904	16	(620,148)	(1,408,597)	97,632	(1,827,193)
Fund Balance (Deficit), Beginning	4,093,287	21,279	1,643,257	(531,325)	408,475	5,634,973
Fund Balance (Deficit), Ending	\$ 4,197,191	\$ 21,295	\$ 1,023,109	\$ (1,939,922)	\$ 506,107	\$ 3,807,780

See notes to financial statements

Town of Lisbon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (1,827,193)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,655,481
Some items reported as current expenditures were capitalized	(980,932)
Depreciation is recorded in the government-wide statements	(1,835,781)
Net book value of assets disposed of	(68,836)

Contributed capital assets are reported as revenues in the government-wide financial statements.	5,213,818
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Issued	(250,000)
Principal repaid	1,598,530

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued sick and vacation pay	69,707
Net pension liability/asset	498,366
Deferred outflows of resources related to pension and OPEB	(138,984)
Deferred inflows of resources related to pension and OPEB	(452,611)
Total other postemployment benefit liability	82,705
Amortization of deferred charge on refunding	(11,519)
Amortization of premium on long-term debt	30,723
Accrued interest on debt	8,723
Amortization of capacity entitlements	(120,039)

Change in Net Position of Governmental Activities \$ 3,472,158

Town of Lisbon

Statement of Net Position - Proprietary Fund
December 31, 2020

	Business-Type Activities - Enterprise Fund
	Storm Water Fund
Assets	
Current Assets	
Cash and investments	\$ 284,796
Taxes receivable	231,776
Total current assets	<u>516,572</u>
NonCurrent Assets	
Capital assets	
Property and equipment	818,496
Less accumulated depreciation/amortization	<u>(60,385)</u>
Total non-current assets	<u>758,111</u>
Total assets	<u>1,274,683</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accrued liabilities	2,147
Deposits	200
Due to other funds	<u>4,054</u>
Total current liabilities	<u>6,401</u>
Deferred Inflows of Resources	
Subsequent year's tax levy	<u>231,776</u>
Total deferred inflows of resources	<u>231,776</u>
Net Position	
Investment in capital assets	758,111
Unrestricted	<u>278,395</u>
Total net position	<u>\$ 1,036,506</u>

See notes to financial statements

Town of Lisbon

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended December 31, 2020

	Business-type Activities - Enterprise Fund
	Storm Water Fund
Operating Revenues	
Charges for services	\$ 237,482
Operating Expenses	
Operation and maintenance	154,705
Depreciation	9,264
Total operating expenses	163,969
Operating income before transfers	73,513
Transfers	(80,520)
Change in net position	(7,007)
Net Position, Beginning	1,043,513
Net Position, Ending	\$ 1,036,506

See notes to financial statements

Town of Lisbon

Statement of Cash Flows - Proprietary Fund
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Fund
	Storm Water Fund
Cash Flows From Operating Activities	
Received from customers	\$ 237,482
Paid to vendors for goods and services	(107,757)
Paid to employees for services	(47,733)
	<u>81,992</u>
Net cash flows from operating activities	<u>81,992</u>
Cash Flows From Noncapital Financing	
Transfers	<u>(80,520)</u>
Net cash flows from noncapital financing activities	<u>(80,520)</u>
Net change in cash and cash equivalents	1,472
Cash and Cash Equivalents, Beginning	<u>283,324</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 284,796</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities:	
Operating income	\$ 73,513
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	9,264
Changes in assets and liabilities:	
Taxes receivable	(192)
Accounts payable	(1,550)
Accrued liabilities	765
Deferred inflow of resources, subsequent year's tax levy	192
	<u>192</u>
Net cash flows from operating activities	<u><u>\$ 81,992</u></u>
Noncash Capital and Related Financing Activities	
None	

See notes to financial statements

Town of Lisbon

Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2020

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
Assets	
Cash and cash equivalents	\$ 9,589,314
Taxes receivable	<u>4,906,419</u>
Total assets	<u>14,495,733</u>
Liabilities	
Accounts payable	44,550
Due to other taxing units	<u>14,451,183</u>
Total liabilities	<u>14,495,733</u>
Net Position	<u><u>\$ -</u></u>

See notes to financial statements

Town of Lisbon

Statement of Change in Fiduciary Net Position - Fiduciary Fund
Year Ended December 31, 2020

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
Additions	
Tax collections	\$ 11,157,447
Deductions	
Payments to overlying districts	11,157,447
Net change in net position	-
Net Position, Beginning	-
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

Town of Lisbon

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December 31, 2020

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Town of Lisbon

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Lisbon, Wisconsin (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the Town. The reporting entity for the Town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Town has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor 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/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Town of Lisbon

Notes to Financial Statements
December 31, 2020

- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

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 individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund

General Fund accounts for the Town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund

Debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

Capital projects fund - Equipment Acquisition Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital projects fund - Tax Incremental District (TID) No. 1 is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Enterprise Funds

The Town reports the following major enterprise fund:

Storm Water Fund accounts for operations of the storm water system

The Town reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library Fund
Building Fund
Compost Fund

Park Fund
Fire Operations Fund

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sewer Study Fund

In addition, the Town reports the following fund type:

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Town and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Roll Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's storm water fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Town of Lisbon

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Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 storm water fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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, deferred outflows of resources, liabilities and deferred inflows of resources 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 could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Town funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Town has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk
- Interest rate risk
- Concentration of credit risk
- Investments highly sensitive to interest rate changes
- Foreign currency risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4. for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the storm water fund because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Improvements	10-20 Years
Machinery and Equipment	5-20 Years
Infrastructure	20-40 Years

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Equity Classifications

Government-Wide Statements

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

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net position* - Consists of net position 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.
- c. *Unrestricted net position* - All other net positions that do not meet the definitions 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 Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances 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.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The town has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20% of the ensuing year's budgeted general fund expenditures with a target of 30%. The balance at year end was \$1,108,345, and is included in unassigned general fund fund balance.

See Note 4. for further information.

Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Town OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Basis for Existing Rates

Storm Water Fund

Current storm water rates are approved by the Town Board annually and placed on tax bills.

Land Held for Resale

The Town purchased land held for resale. In the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance, total governmental funds and net position, governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	558,240
Buildings and improvements		3,109,754
Equipment and furnishings		6,031,975
Infrastructure		33,951,791
Intangible - software		46,010
Less accumulated depreciation		<u>(20,858,102)</u>
Combined adjustment for capital assets	\$	<u>22,839,668</u>

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	8,104,271
Accumulated sick and vacation pay		125,092
Village of Sussex contract payable		812,723
Unamortized debt premium		184,340
Other post employment benefits		<u>167,984</u>
Combined adjustment for long-term liabilities	\$	<u>9,394,410</u>

3. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the General Fund, Debt Service Fund, Special Revenue Fund - Compost and the Capital Project Fund - Equipment Acquisition Fund. A budget has not been formally adopted for Special revenue funds - Park Fund, Building Fund, Fire Operations Fund and Library Fund and Capital projects funds - Sewer study Fund and TID #1 Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - TID #1 Fund	\$ 1,939,922	Expenditures exceeding revenue sources

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Fund deficits are anticipated to be funded with future tax increment or long-term borrowing.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Limitations on the Town's Tax Levy

Wisconsin law limits the Town's future tax levies. Generally the Town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

4. Detailed Notes on All Funds

Deposits and Investments

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The Town's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 12,965,315	\$ 12,475,214	Custodial credit
LGIP	666,816	666,816	Credit
Petty cash	<u>200</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 13,632,331</u>	<u>\$ 13,142,030</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,043,017		
Per statement of fiduciary net position			
Tax Roll Fund	<u>9,589,314</u>		
Total deposits and investments	<u>\$ 13,632,331</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Town maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$13,302,192 to secure the Town's deposits.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to the Town.

The Town does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Town had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1. for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 5,313,776
Total unearned/unavailable revenue for governmental funds	<u>\$ 5,313,776</u>

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total capital assets not being depreciated	<u>558,240</u>	<u>-</u>	<u>-</u>	<u>558,240</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	3,043,581	66,173	-	3,109,754
Equipment and furnishings	5,556,272	608,376	132,673	6,031,975
Infrastructure	28,737,973	5,213,818	-	33,951,791
Intangibles - software	46,010	-	-	46,010
Total capital assets being depreciated / amortized	<u>37,383,836</u>	<u>5,888,367</u>	<u>132,673</u>	<u>43,139,530</u>
Total capital assets	<u>37,942,076</u>	<u>5,888,367</u>	<u>132,673</u>	<u>43,697,770</u>

Town of Lisbon

Notes to Financial Statements
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less accumulated depreciation / amortization for:				
Buildings and improvements	(1,077,147)	(22,089)	-	(1,099,236)
Equipment and furnishings	(2,779,378)	(331,082)	63,837	(3,046,623)
Infrastructure	(15,226,182)	(1,479,926)	-	(16,706,108)
Intangibles - software	(3,451)	(2,684)	-	(6,135)
Total accumulated depreciation / amortization	<u>(19,086,158)</u>	<u>(1,835,781)</u>	<u>63,837</u>	<u>(20,858,102)</u>
Net capital assets being depreciated / amortized	<u>18,297,678</u>	<u>4,052,586</u>	<u>68,836</u>	<u>22,281,428</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 18,855,918</u>	<u>\$ 4,052,586</u>	<u>\$ 68,836</u>	<u>\$ 22,839,668</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	62,176
Public safety	\$ 153,127
Public works	1,600,404
Culture and recreation	<u>20,074</u>

Total governmental activities depreciation / amortization
expense \$ 1,835,781

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciation:				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total capital assets not being depreciated	<u>530,141</u>	<u>-</u>	<u>-</u>	<u>530,141</u>
Capital assets being depreciated / amortized:				
Storm water infrastructure	280,686	-	-	280,686
Intangible - software	7,669	-	-	7,669
Total capital assets being depreciated / amortized	<u>288,355</u>	<u>-</u>	<u>-</u>	<u>288,355</u>
Total capital assets	<u>818,496</u>	<u>-</u>	<u>-</u>	<u>818,496</u>
Less accumulated depreciation / amortization for:				
Storm water infrastructure	(50,546)	(8,881)	-	(59,427)
Intangible - software	(575)	(383)	-	(958)
Total accumulated depreciation / amortization	<u>(51,121)</u>	<u>(9,264)</u>	<u>-</u>	<u>(60,385)</u>
Net capital assets being depreciated / amortized	<u>237,234</u>	<u>(9,264)</u>	<u>-</u>	<u>227,970</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 767,375</u>	<u>\$ (9,264)</u>	<u>\$ -</u>	<u>\$ 758,111</u>

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Storm Water Fund	\$ 4,054
General Fund	Special revenue fund - compost fund	1,838
General Fund	Capital projects fund - TID #1 fund	<u>1,917,273</u>
Total - Fund Financial Statements		1,923,165
Less government-wide eliminations		<u>(1,919,111)</u>
Total internal balances, government-wide statement of net position		<u>\$ 4,054</u>

All amounts are due within one year.

The principal purpose of these interfunds is to fund cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	General Fund	\$ 333,532	To cover debt service costs.
Capital Projects Fund - Equipment Acquisition fund	General Fund	556,728	Sinking fund budget for capital costs.
Capital Projects Fund - Equipment Acquisition fund	Stormwater	<u>80,520</u>	To cover capital costs.
Total - Fund Financial Statements		970,780	
Less fund eliminations		<u>(890,260)</u>	
Total transfers, government-wide statement of activities		<u>\$ 80,520</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 9,347,943	\$ 250,000	\$ 1,493,672	\$ 8,104,271	\$ 1,516,829
Village of Sussex Contracts Payable	917,581	-	104,858	812,723	107,529
(Discounts)/Premiums:	215,063	-	30,723	184,340	-
Subtotal	<u>10,480,587</u>	<u>250,000</u>	<u>1,629,253</u>	<u>9,101,334</u>	<u>1,624,358</u>
Other liabilities:					
Accumulated sick and vacation pay	194,799	38,462	108,169	125,092	-
Other postemployment benefits liability	250,689	-	82,705	167,984	-
Net pension liability	257,018	-	257,018	-	-
Total other liabilities	<u>702,506</u>	<u>38,462</u>	<u>447,892</u>	<u>293,076</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 11,183,093</u>	<u>\$ 288,462</u>	<u>\$ 2,077,145</u>	<u>\$ 9,394,410</u>	<u>\$ 1,624,358</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed 5 percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2020, was \$70,104,450. Total general obligation debt outstanding at year end was \$8,104,271.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Town. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
General Obligation Debt					
General obligation debt	08/01/11	08/01/21	3.15%	\$ 650,000	\$ 65,000
General obligation debt	08/15/12	08/15/22	2.00%	594,250	118,850
General obligation debt	08/01/13	08/01/23	2.00%	567,000	170,100
General obligation debt	03/01/14	03/01/24	2.90%	539,250	215,700
General obligation debt	12/11/14	03/15/21	.5- 1.9%	2,115,000	290,000
General obligation debt	01/01/15	02/15/22	0.00%	23,304	5,770
General obligation debt	07/07/16	03/01/26	2.00%	8,060,000	5,560,000
General obligation debt	07/26/16	03/15/36	3.50%	1,700,000	1,428,851
General obligation debt	2/28/2020	1/15/2027	2.00%	250,000	250,000
Total governmental activities, general obligation debt					<u>\$ 8,104,271</u>

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,516,829	\$ 175,030
2022	1,179,214	143,467
2023	1,134,345	118,225
2024	1,100,083	93,858
2025	1,068,916	70,696
2026-2030	1,475,368	167,997
2031-2035	515,418	75,389
2036-2040	114,098	4,006
Total	<u>\$ 8,104,271</u>	<u>\$ 848,668</u>

Village of Sussex contracts payable

Village of Sussex contracts payable at December 31, 2020 consist of the following:

Governmental Activities

<u>Village of Sussex contracts payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	<u>\$ 812,723</u>
Total governmental activities village of sussex contracts payable					<u>\$ 812,723</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Village of Sussex contracts payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 107,529	\$ 19,331
2022	110,267	16,557
2023	113,076	13,713
2024	115,957	10,796
2025	118,910	7,805
2026-2030	246,984	6,330
Total	<u>\$ 812,723</u>	<u>\$ 74,532</u>

Other Debt Information

Estimated payments of accumulated sick and vacation pay and the other post employment benefits liability are not included in the debt service requirement schedules. The accumulated sick and vacation pay, and the other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$	558,240
Other capital assets, net of accumulated depreciation/amortization		22,281,428
Less: long-term debt outstanding		(8,104,271)
Plus: unamortized charge on refunding		11,519
Less: unamortized debt premium		<u>(184,340)</u>
Total net investment in capital assets	\$	<u><u>14,562,576</u></u>

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Acquisition Fund</u>	<u>TID Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable:						
Inventories	\$ 52,632	\$ -	\$ -	\$ -	\$ -	\$ 52,632
Delinquent personal property taxes	<u>5,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,649</u>
Subtotal	<u>58,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,281</u>
Restricted for:						
Debt service	-	21,295	-	-	-	21,295
Library	-	-	-	-	10,710	10,710
Park	-	-	-	-	82,593	82,593
Building	-	-	-	-	244,538	244,538
Fire operations	-	-	-	-	31,819	31,819
Sewer study	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,937</u>	<u>104,937</u>
Subtotal	<u>-</u>	<u>21,295</u>	<u>-</u>	<u>-</u>	<u>474,597</u>	<u>495,892</u>
Committed to:						
Equipment acquisition	-	-	1,023,109	-	-	1,023,109
Compost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,510</u>	<u>31,510</u>
Subtotal	<u>-</u>	<u>-</u>	<u>1,023,109</u>	<u>-</u>	<u>31,510</u>	<u>1,054,619</u>
Assigned to:						
Other postemployment benefits	170,000	-	-	-	-	170,000
Impact fee study	8,000	-	-	-	-	8,000
Litigation	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Subtotal	<u>194,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,000</u>
Unassigned (deficit):	<u>3,944,910</u>	<u>-</u>	<u>-</u>	<u>(1,939,922)</u>	<u>-</u>	<u>2,004,988</u>
Total fund balances (deficit)	<u>\$ 4,197,191</u>	<u>\$ 21,295</u>	<u>\$ 1,023,109</u>	<u>\$(1,939,922)</u>	<u>\$ 506,107</u>	<u>\$ 3,807,780</u>

5. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours 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, 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 occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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 Lisbon

Notes to Financial Statements
December 31, 2020

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>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Town of Lisbon

Notes to Financial Statements
December 31, 2020

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 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 \$81,281 in contributions from the Town.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

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

At December 31, 2020, the Town reported an asset of \$241,348 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the Town's proportion was 0.00748494 percent, which was an increase of 0.00026063 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of \$94,982.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 458,134	\$ 229,265
Changes in assumptions	18,807	-
Net differences between projected and actual earnings on pension plan investments	-	493,403
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,649	1,931
Employer contributions subsequent to the measurement date	<u>88,731</u>	<u>-</u>
Total	<u>\$ 569,321</u>	<u>\$ 724,599</u>

Town of Lisbon

Notes to Financial Statements
December 31, 2020

\$88,731 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (72,901)
2022	(54,165)
2023	9,574
2024	(126,517)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 liability.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Sensitivity of the Town's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's proportionate share of the net pension (asset) liability	\$ 621,515	\$ (241,348)	\$ (886,439)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the Town reported a payable to the pension plan of \$12,632 which represents contractually required contributions outstanding as of the end of the year.

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; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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 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.

Other Postemployment Benefits

The Town administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Plan provisions and contribution requirements are established and may be amended by the Town.

Town of Lisbon

Notes to Financial Statements
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General Information about the OPEB Plan

Plan Description

The Town's defined benefit OPEB plan, provides OPEB for all permanent full-time employees hired prior to January 1, 2000 upon retirement and that are eligible for WRS. The OPEB plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The town provides healthcare insurance benefits for retirees. The benefit terms provide for payment of 75 percent of health insurance premiums for retirees.

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	<u>17</u>
	<u><u>19</u></u>

The Town's total OPEB liability of \$167,984 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Range from 3.5% in service year 1 to .1% in service year 40.
Healthcare cost trend rates	Actual, then 6.4% decreasing by 0.10% per year down to 5.0%, and level thereafter.

The discount rate was based on the municipal bond rate of 2.75% discounted by years of projected payments.

Mortality rates were based on the Wisconsin 2018 mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2019	\$ 250,689
Changes for the year:	
Service cost	6,746
Interest	9,960
Differences between expected and actual experience	(85,931)
Changes in assumptions or other inputs	(3,341)
Benefit payments	(10,139)
Net changes	(82,705)
Balances at December 31, 2020	\$ 167,984

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$ 177,718	\$ 167,984	\$ 158,541

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.4 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.4 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.4% Decreasing to 4.0%)	Healthcare Cost Trend Rates ((1.3)% Decreasing to 5.0%)	1% Increase (7.4% Decreasing to 6.0%)
Total OPEB liability	\$ 154,892	\$ 167,984	\$ 182,565

Town of Lisbon

Notes to Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$7,078. At December 31, 2020, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 85,931
Changes of assumptions or other inputs	<u>3,341</u>
Total	<u>\$ 89,272</u>

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

Year Ended December 31:

2021	\$ (29,757)
2022	(29,757)
2023	(29,758)

Subsequent Events

On March 17, 2021, the Town borrowed \$3.36 million in taxable general obligation promissory notes. Borrowing was done for water, sewer and street improvements in Tax Incremental District #1. The notes bear interest at .3% to 1.55%. The notes are due and payable annually from 2022 through 2031.

The Town executed a construction agreement with Wondra Construction on January 6, 2021 in the amount of \$1,478,965. This contract is for work related to the Tax Incremental District #1 street extension.

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

Town of Lisbon

Notes to Financial Statements
December 31, 2020

Capacity Entitlements

In 1994, the Town entered into an intermunicipal agreement with the Village of Sussex to provide sewage treatment services to property owners and citizens of the town. The town is sharing in the capital costs based on a cost allocation summary. In 1994, the costs allocated to the town were \$764,716. In 2009 and 2019, upgrades and expansion to the wastewater facility were completed. The costs allocated to the town for this project were \$1,912,595 and \$220,160, respectively. The capacity entitlements asset represents the capacity rights the town as purchased in the wastewater treatment plant. The asset will be amortized over the term of the contracts of 28 and 23 years, respectively. At December 31, 2020, accumulated amortization was \$1,816,493.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lisbon

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 2,868,148	\$ 2,871,995	\$ 3,847
Intergovernmental revenues	627,151	818,900	191,749
Regulation and compliance	555,430	540,100	(15,330)
Public charges for services	1,317,608	1,985,010	667,402
Intergovernmental charges for services	55,000	18,999	(36,001)
Investment income	82,866	53,513	(29,353)
Miscellaneous	-	59,757	59,757
	<u>5,506,203</u>	<u>6,348,274</u>	<u>842,071</u>
Expenditures			
Current			
General government	922,523	1,208,233	(285,710)
Public safety	1,992,214	2,376,757	(384,543)
Public works	1,012,332	863,066	149,266
Sanitation	859,520	826,528	32,992
Culture and recreation	186,044	150,034	36,010
	<u>4,972,633</u>	<u>5,424,618</u>	<u>(451,985)</u>
Total expenditures			
Excess of revenues over (under) expenditures	533,570	923,656	390,086
Other Financing Sources (uses)			
Proceeds from sale of capital assets	-	70,508	70,508
Transfer out	(533,570)	(890,260)	(356,690)
	<u>(533,570)</u>	<u>(819,752)</u>	<u>(286,182)</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ -</u>	<u>103,904</u>	<u>\$ 103,904</u>
Fund Balance, Beginning		<u>4,093,287</u>	
Fund Balance, Ending		<u>\$ 4,197,191</u>	

See notes to required supplementary information

Town of LisbonSchedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2020

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/2015	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/2016	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/2017	0.007018000%	(208,370)	907,525	23.14%	102.93%
12/31/2018	0.007224310%	257,018	900,683	26.35%	96.45%
12/31/2019	0.007484940%	(241,348)	1,041,535	23.34%	102.96%

Town of LisbonSchedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2020

Town's 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
12/31/2015	\$ 69,036	\$ (69,036)	-	\$ 917,335	7.53%
12/31/2016	66,397	(66,397)	-	902,432	7.36%
12/31/2017	70,893	(70,893)	-	907,525	7.81%
12/31/2018	75,349	(75,349)	-	900,683	8.37%
12/31/2019	86,628	(86,628)	-	1,041,535	8.32%
12/31/2020	88,731	(88,731)	-	1,370,248	6.48%

See notes to required supplementary information

Town of Lisbon**Schedule of Changes in the Total OPEB Liability and Related Ratios - Other Postemployment**

Benefits Obligation - Town Retiree Benefits Plan

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 6,746	\$ 7,120	\$ 7,120
Interest	9,960	8,729	8,396
Difference between projected and actual	(85,931)	-	135,283
Changes of assumptions	(3,341)	(5,863)	-
Benefit payments	<u>(10,139)</u>	<u>(10,255)</u>	<u>(1,796)</u>
Net Change in Total OPEB Liability	(82,705)	(269)	149,003
Total OPEB Liability, Beginning	<u>250,689</u>	<u>250,958</u>	<u>101,955</u>
Total OPEB Liability, Ending	<u><u>\$ 167,984</u></u>	<u><u>\$ 250,689</u></u>	<u><u>\$ 250,958</u></u>
Covered-employee payroll	\$ 143,426	\$ 287,430	\$ 287,430
Total OPEB liability as a percentage of covered-employee payroll	117.12%	87.22%	87.31%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Town of Lisbon**Schedule of Employer Contributions - Other Postemployment Benefits Obligation - Town Retiree Benefits Plan
Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 143,426	\$ 287,430	\$ 287,430
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Town of Lisbon

Notes to Required Supplementary Information
December 31, 2020

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

The budget amounts presented are as presented in the original budget and no amendments were adopted during the year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms - There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions – No significant change in assumptions were noted from the prior year.

Town Other Post Employment Benefits

The town is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms - There were no changes of benefit terms for town.

Changes in Assumptions – The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

SUPPLEMENTARY INFORMATION

Town of Lisbon

Combining Balance Sheet - Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	Sewer Study Fund	
Assets							
Cash and investments	\$ 10,710	\$ 82,593	\$ 244,538	\$ 31,819	\$ 33,420	\$ 104,937	\$ 508,017
Total assets	<u>\$ 10,710</u>	<u>\$ 82,593</u>	<u>\$ 244,538</u>	<u>\$ 31,819</u>	<u>\$ 33,420</u>	<u>\$ 104,937</u>	<u>\$ 508,017</u>
Liabilities and Fund Balances (Deficits)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	72	-	72
Due to other funds	-	-	-	-	1,838	-	1,838
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,910</u>	<u>-</u>	<u>1,910</u>
Fund Balances							
Restricted	10,710	82,593	244,538	31,819	-	104,937	474,597
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,510</u>	<u>-</u>	<u>31,510</u>
Total fund balances	<u>10,710</u>	<u>82,593</u>	<u>244,538</u>	<u>31,819</u>	<u>31,510</u>	<u>104,937</u>	<u>506,107</u>
Total liabilities and fund balances	<u>\$ 10,710</u>	<u>\$ 82,593</u>	<u>\$ 244,538</u>	<u>\$ 31,819</u>	<u>\$ 33,420</u>	<u>\$ 104,937</u>	<u>\$ 508,017</u>

Town of Lisbon

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
 Year Ended December 31, 2020

	Special Revenue Funds					Capital Projects Funds	Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	Sewer Study Fund	
Revenues							
Public charges for services	\$ -	\$ 28,956	\$ 74,572	\$ -	\$ -	\$ -	\$ 103,528
Intergovernmental charges for services	-	-	-	-	34,015	-	34,015
Investment income	-	-	-	-	-	-	-
Miscellaneous	-	1,672	-	-	-	-	1,672
Total revenues	-	30,628	74,572	-	34,015	-	139,215
Expenditures							
Current							
Public works	-	-	-	-	40,709	-	40,709
Culture and recreation	-	874	-	-	-	-	874
Conservation and development	-	-	-	-	-	-	-
Total expenditures	-	874	-	-	40,709	-	41,583
Excess (deficiency) of revenues over expenditures	-	29,754	74,572	-	(6,694)	-	97,632
Net changes in fund balance	-	29,754	74,572	-	(6,694)	-	97,632
Fund Balance, Beginning	10,710	52,839	169,966	31,819	38,204	104,937	408,475
Fund Balance, Ending	\$ 10,710	\$ 82,593	\$ 244,538	\$ 31,819	\$ 31,510	\$ 104,937	\$ 506,107