



2019 Financial Highlights Presented to the Town Board of the Town of Lisbon

Presented by:
Wendi Unger, Partner



Audit Results

- **Audit Objective**
 - The objective of our audit was to express our opinion on the financial statements of the Town of Lisbon as of December 31, 2019.

- **Our Opinion**
 - An unmodified audit opinion has been issued on the financial statements for the fiscal year ending December 31, 2019.
 - The financial statements are fairly presented in accordance with generally accepted accounting principles.
 - Accounting principles have changed with prior years.
 - All appropriate disclosures have been properly reflected in the financial statements.



Summary Financial Information

Results of Operations

	Major			Nonmajor Governmental Funds
	General Fund	Debt Service Fund	Capital Project Fund	
Revenues and other sources	\$ 7,062,939	\$ 1,848,180	\$ 565,236	\$ 189,689
Expenditures and other uses	<u>5,907,660</u>	<u>1,848,180</u>	<u>152,761</u>	<u>585,602</u>
Excess (deficiency)	1,155,279	-	412,475	(395,913)
Fund balance				
Beginning of year	<u>2,938,008</u>	<u>21,279</u>	<u>1,230,782</u>	<u>273,063</u>
End of year	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>
Fund Balance consist of:				
Nonspendable	\$ 89,643	\$ -	\$ -	\$ -
Restricted	-	21,279	-	370,271
Committed	-	-	1,643,257	38,204
Assigned	275,000	-	-	-
Unassigned	<u>3,728,644</u>	<u>-</u>	<u>-</u>	<u>(531,325)</u>
Total	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>



Summary Financial Information

Results of Operations

	Storm Water Fund
Operating revenues	\$ 232,187
Operating expenses	<u>165,428</u>
Operating income	66,759
Capital Contributions	<u>-</u>
Change in net position	66,759
Net position	
Beginning of year	<u>976,754</u>
End of year	<u>\$ 1,043,513</u>



Required Communication

- **Communication to Those Charged with Governance and Management**
 - Material weaknesses identified
 - Other comments and recommendations
 - Two Way Communication Regarding your audit
 - Required Communication to Those charged with governance

Conclusion and Questions

It is a pleasure to serve you. While we work with the Town's management and staff in reviewing the financial data and preparing the financial statements, our contract is with the Board and our responsibility is to report to the Board. Accordingly, if any Board member has any questions or comments concerning our audit, the financial statements, any of the reports presented, or any thing else covered, please contact me at 414.777.5423 or wendi.unger@bakertilly.com.

RECEIVED

By Gina Gresch at 1:16 pm, Apr 30, 2020

Reporting and insights from 2019 audit:

Town of Lisbon

December 31, 2019



Executive summary

We have completed our audit of the financial statements of the Town of Lisbon (the Town's) for the year ended December 31, 2019, and have issued our report thereon. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Town's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Town of Lisbon should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, Partner: Wendi.Unger@bakertilly.com or +1 (414) 777 5423

Sincerely,

Baker Tilly Virchow Krause, LLP

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

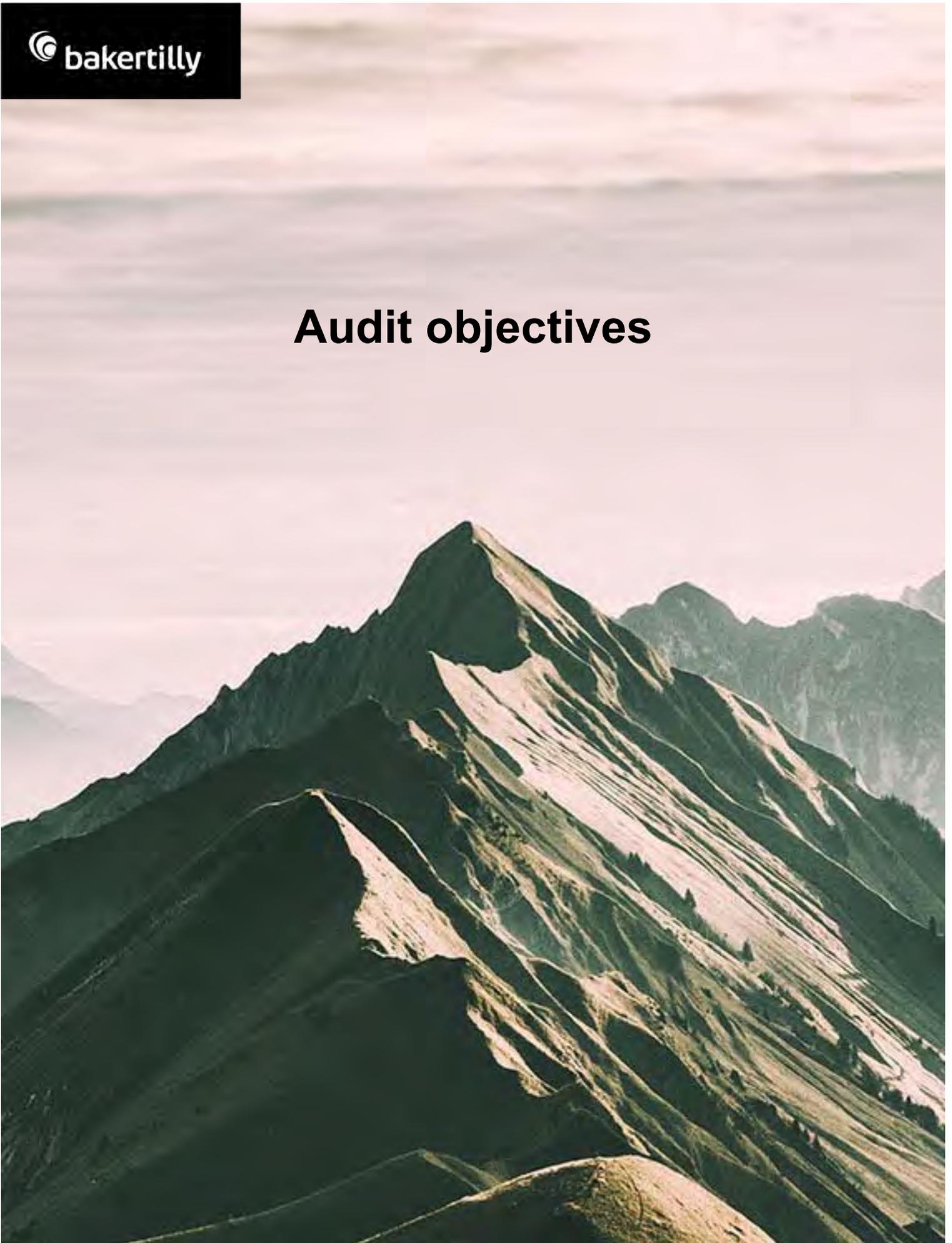
Wendi M. Unger, Partner, CPA

Table of contents

Executive summary	2
Audit objectives	5
Our responsibilities	5
Management's responsibilities	6
Audit status	8
Significant changes to the audit plan.....	8
Audit approach and results	10
Planned scope and timing	10
Key areas of focus and significant findings	11
Internal control matters	12
Other comments and recommendations	13
Required communications	14
Nonattest services	18
Accounting changes relevant to the Town of Lisbon	20
Trending challenges for organizations	22
Cybersecurity	22
Appendix A: Client service team	23
Appendix B: Management representation letter	25
Appendix C: Two-way communication regarding your audit.....	31

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Audit objectives



Audit objectives

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Town's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the Town's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 <p>Prepare and fairly present the financial statements</p>	<p>Our audit does not relieve management or those charged with governance of their responsibilities</p>
 <p>Establish and maintain effective internal control over financial reporting</p>	<p>An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls</p>
 <p>Provide us with written representations at the conclusion of the audit</p>	<p>See Appendix B for a copy of management's representations</p>

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Town and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Areas of complexity including Capital assets, Debt and Deferred Special Assessments

Our areas of audit focus were formed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Town's current year results.

Implementation of GASB No. 84 reporting fiduciary activities

During the current year, your government implemented GASB Statement No. 84 – *Fiduciary Activities*. This standard was issued to provide a clear foundation and reduce inconsistencies in reporting of fiduciary activities. Implementation of this standard required the evaluation of various activities and application of specific criteria to determine the fiduciary activities that required reporting. As a result of this standard you will note the following changes in your financial statements from prior years:

- Reclassification of Tax collection activities as custodial funds
- Change in the activity that is reported through the tax collection custodial fund
- Presentation of additions and deductions on the statement of changes in fiduciary net position for all fiduciary funds, including custodial funds

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Town's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements. We are not expressing an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- **Inadequate Segregation of Duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing Key Controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls Over Accounts Payable/Disbursements

- There is no process to review, record, and approve retainages at year-end.

Controls Over Payroll

- Persons preparing the payroll are not independent of other personal duties or restricted from access to the payroll account (segregation of duties)

Controls Over Property Taxes

- Bank reconciliations for the tax account should be performed by someone independent of the tax collection process.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

– Financial Statement Close Process

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

Other comments and recommendations

Credit Card Procedures

- During our testing of credit card procedures and the related compliance with the Town's policy it was noted that there were two instances where a copy of the original receipt for purchase was not attached to the credit card statement. We would recommend that management revisit the policies and procedures that are and should be in place and ensure that the Town policy is complied with.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town are described in Note I to the financial statements, the Town changed accounting policies related to financial reporting for fiduciary activities and certain debt disclosures by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 84, *Fiduciary Activities* and Statement of Governmental Accounting Standards (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, respectively, effective January 1, 2019. We noted no transactions entered into by the Town during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Town or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited financial statements

Official Statements (or Other Equivalent Document)

The Town's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Town can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Difficulties encountered during the audit

We encountered no difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, which includes a copy of the management representation letter.

Corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the Organization's financial statements. The table below summarizes the material corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has corrected all such misstatements.

The following is a summary of material financial statement misstatements (audit adjustments):

Description	Amount
To properly record transfers between funds	\$ 92,644

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Town's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Town that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Town's related parties.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

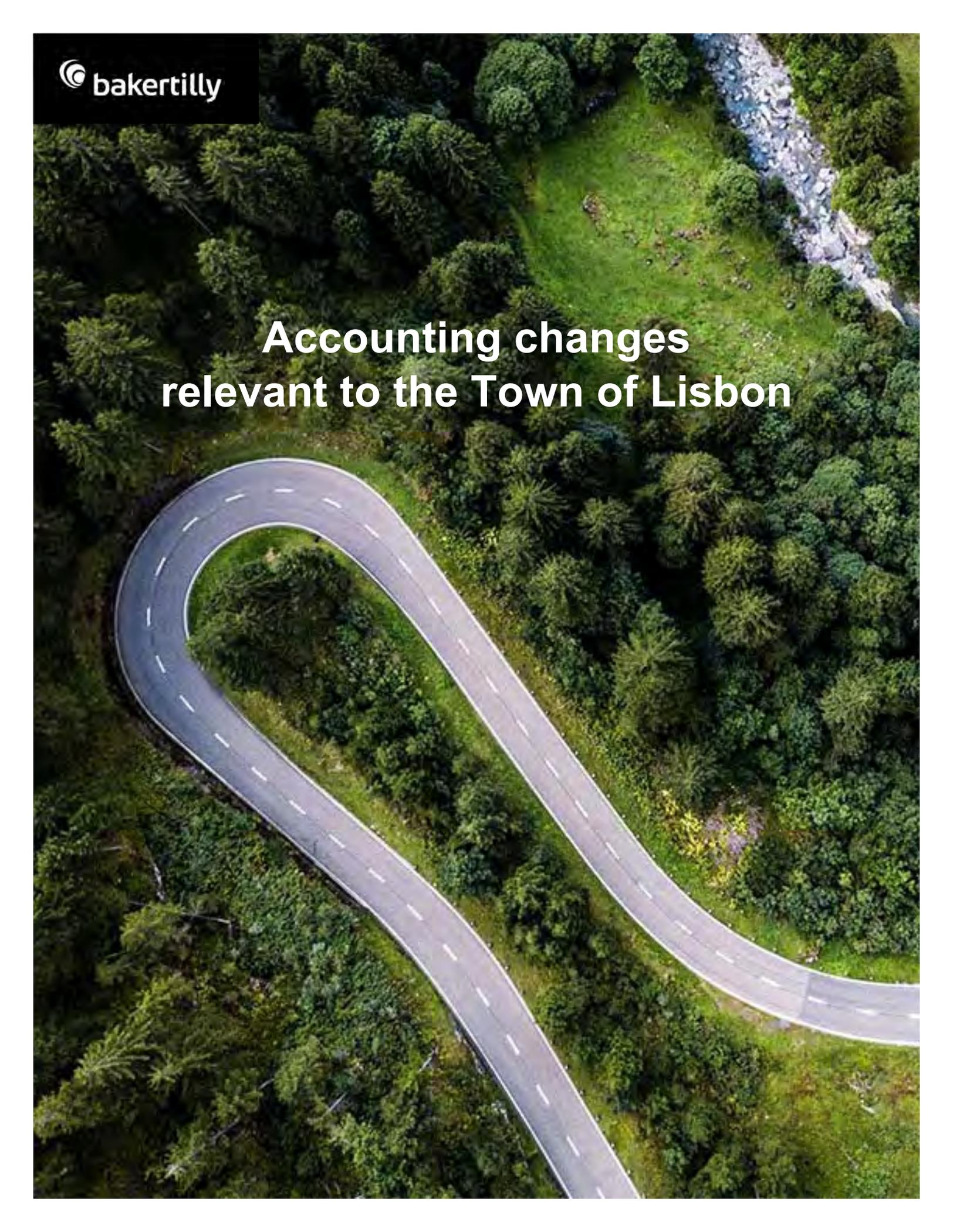
Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- Civic Systems Software

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

An aerial photograph of a winding asphalt road with white dashed lane markings, curving through a dense, lush green forest. A small stream is visible in the upper right corner of the image.

Accounting changes relevant to the Town of Lisbon

Accounting changes relevant to the Town of Lisbon

Future accounting standards updates

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/20
89	Accounting for Interest Incurred before the End of a Construction Period	✓	12/31/20
91	Conduit Debt	✓	12/31/21

Further information on upcoming [GASB pronouncements](#)

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective for the upcoming year. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the Town review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the Town should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

A photograph of the Aurora Borealis (Northern Lights) in shades of green and teal, dancing across a dark, starry night sky. The lights are reflected in a calm body of water in the foreground, with a range of dark mountains visible on the horizon.

Trending challenges for organizations

Trending challenges for organizations

Management and the governing body of the Town must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long term goals. Economic uncertainty, coupled with key risk areas and fast paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Cybersecurity

Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

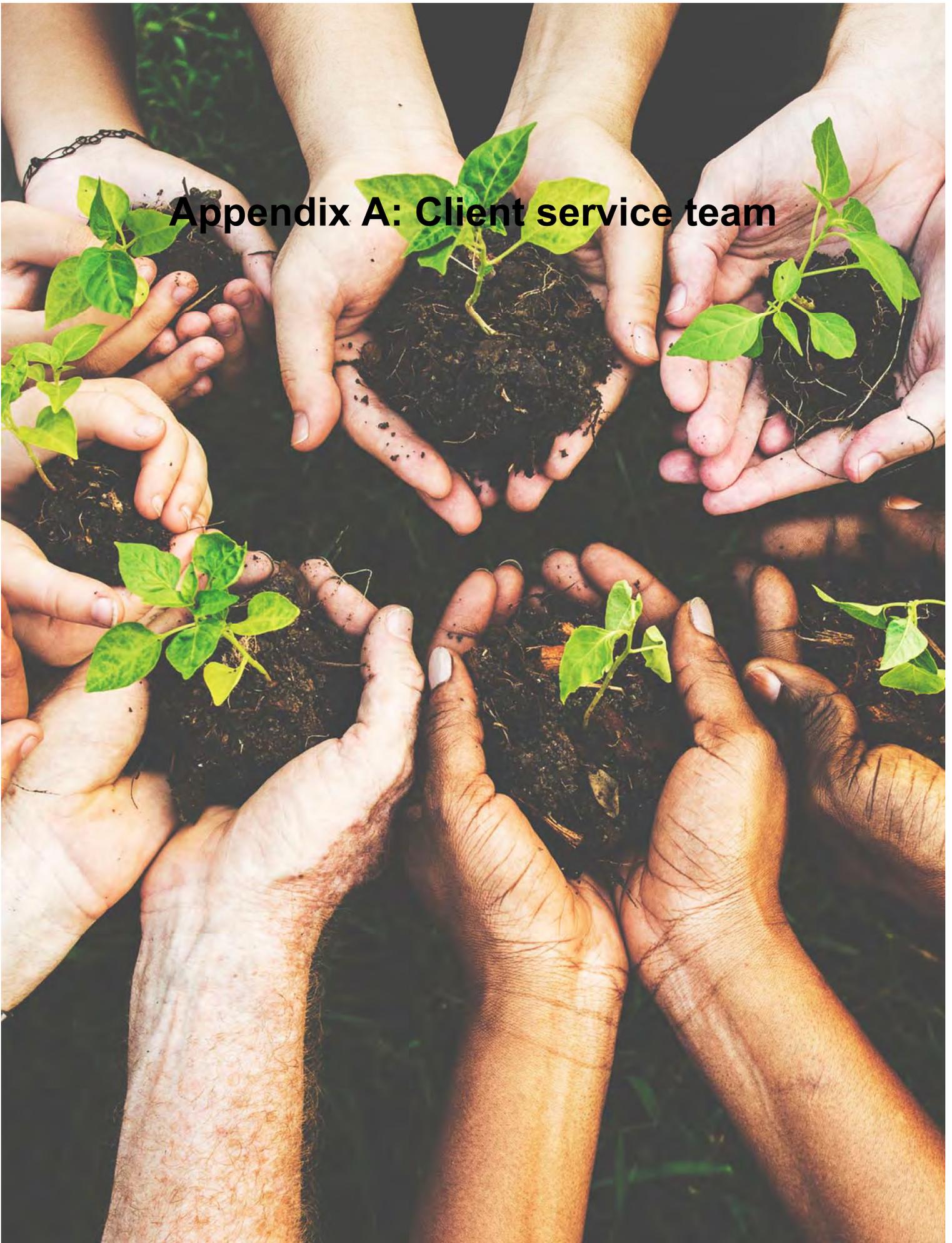
[Learn more](#) about cybersecurity risk management.

⋮



[WATCH: On demand webinar about board governance over cybersecurity.](#)

Appendix A: Client service team



Client service team

Wendi Unger, CPA

Partner

777 E Wisconsin Ave
Milwaukee, WI 53202
United States

T +1 (414) 777 5423

wendi.unger@bakertilly.com

A photograph of two men in a professional office environment. The man on the left, wearing a white shirt and glasses, is shaking hands with the man on the right, who is wearing a light blue shirt and has a beard. They are standing near a desk with a laptop, a tablet, a white mug, and a small potted plant. A window in the background shows a view of a city. The text "Appendix B: Management representation letter" is overlaid in the center of the image.

**Appendix B: Management
representation letter**



TOWN OF LISBON
W234 N8676 Woodside Rd.
Lisbon, WI 53089

April 16, 2019

Baker Tilly Virchow Krause, LLP
777 E. Wisconsin Avenue, 32nd Floor
Milwaukee, Wisconsin 53202

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the audit of the financial statements of the Town of Lisbon as of December 31, 2018 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Office: (262) 246-6100 - E-Mail: townhall@townoflisbonwi.com – www.townoflisbonwi.com

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
10. Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Town Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
15. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. There are no known related parties or related party relationships and transactions of which we are aware.

Other

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
22. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
25. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Adjusting journal entries
 - c. Compiled regulatory reports
 - d. Civic Systems software

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26. The Town of Lisbon has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The Town of Lisbon has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
28. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
29. The financial statements properly classify all funds and activities.
30. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
31. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
32. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
33. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
34. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
35. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
36. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
37. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
38. Tax-exempt bonds issued have retained their tax-exempt status.
39. We have appropriately disclosed the Town of Lisbon's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
41. With respect to the supplementary information, (SI):

- a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
42. We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
43. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
44. We have implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and believe that all liabilities, deferred outflows and deferred inflows have been identified and properly classified in the financial statements and any other required classifications and RSI have been computed in compliance with the Standard.

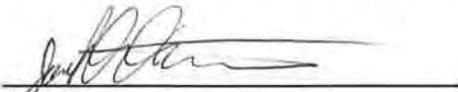
Sincerely,

Town of Lisbon

Signed:


Ms. Gina Gresch, Administrator

Signed:


Mr. Joseph Osterman, Chairman

A close-up photograph of a person's hands and arms at a wooden table. The person is wearing a light blue long-sleeved shirt and a black watch with a white face. They are holding a black pen and writing on a white document. In the background, another person's hands are visible, gesturing during a conversation. The scene is set in a meeting or office environment.

**Appendix C: Two-way communication
regarding your audit**

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Town will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

RECEIVED

By Gina Gresch at 1:16 pm, Apr 30, 2020

TOWN OF LISBON

Lisbon, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

TOWN OF LISBON

TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

Independent Auditors' Report	1 – 3
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Statement of Fiduciary Net Position – Custodial Fund	12
Statement of Change in Fiduciary Net Position – Custodial Fund	13
Notes to Financial Statements	14 – 48

TOWN OF LISBON

TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	49
Schedule of Town's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	50
Schedule of Changes in the Total OPEB Liability and Related Ratios – Other Postemployment Benefits Obligation – Town Retiree Benefits Plan	51
Schedule of the Employer Contributions – Other Postemployment Benefits Obligation – Town Retiree Benefits Plan	52
Notes to Required Supplementary Information	53

Supplementary Information

Combining Balance Sheet – Nonmajor governmental funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor governmental funds	55

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, 2019, 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, 2019 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.

Emphasis of Matter

As discussed in Note I, Town of Lisbon adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, Town of Lisbon adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

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.

To the Town Board
Town of Lisbon

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 Virchow Krause, LLP

Milwaukee, Wisconsin
April 23, 2020

BASIC FINANCIAL STATEMENTS

TOWN OF LISBON

STATEMENT OF NET POSITION
As of December 31, 2019

	Primary Government		
	Governmental Activities	Business - type Activities	Totals
ASSETS			
Cash and investments	\$ 5,511,131	\$ 283,324	\$ 5,794,455
Taxes receivable	5,119,766	231,584	5,351,350
Delinquent personal property taxes receivable	4,838	-	4,838
Accounts receivable, net	529,199	-	529,199
Internal balances	4,055	(4,055)	-
Prepaid items	84,805	-	84,805
Land held for resale	1,709,545	-	1,709,545
Capacity entitlements, net	1,201,017	-	1,201,017
Capital assets			
Land	558,240	-	558,240
Other capital assets	37,383,836	818,496	38,202,332
Less: Accumulated depreciation/amortization	<u>(19,086,158)</u>	<u>(51,121)</u>	<u>(19,137,279)</u>
Total Assets	<u>33,020,274</u>	<u>1,278,228</u>	<u>34,298,502</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	23,038	-	23,038
Pension related amounts	708,305	-	708,305
Total Deferred Outflows of Resources	<u>731,343</u>	<u>-</u>	<u>731,343</u>
LIABILITIES			
Accounts payable and accrued liabilities	367,440	2,931	370,371
Deposits	111,479	200	111,679
Accrued interest payable	96,143	-	96,143
Noncurrent liabilities			
Due within one year	1,718,479	-	1,718,479
Due in more than one year	9,464,614	-	9,464,614
Total Liabilities	<u>11,758,155</u>	<u>3,131</u>	<u>11,761,286</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	356,863	-	356,863
OPEB related amounts	4,397	-	4,397
Unearned revenues	5,139,904	231,584	5,371,488
Total Deferred Inflows of Resources	<u>5,501,164</u>	<u>231,584</u>	<u>5,732,748</u>
NET POSITION			
Net investment in capital assets	10,393,972	767,375	11,161,347
Restricted:			
Library	10,710	-	10,710
Park	52,839	-	52,839
Building	169,966	-	169,966
Fire operations	31,819	-	31,819
Sewer study	104,937	-	104,937
Unrestricted	<u>5,728,055</u>	<u>276,138</u>	<u>6,004,193</u>
TOTAL NET POSITION	<u>\$ 16,492,298</u>	<u>\$ 1,043,513</u>	<u>\$ 17,535,811</u>

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental activities							
General government	\$ 964,660	\$ 130,207	\$ -	\$ -	\$ (834,453)	\$ -	\$ (834,453)
Public safety	2,517,976	1,249,516	57,544	-	(1,210,916)	-	(1,210,916)
Public works	1,808,522	151,624	333,466	62,436	(1,260,996)	-	(1,260,996)
Sanitation	794,038	842,506	-	-	48,468	-	48,468
Culture and recreation	174,781	26,889	-	-	(147,892)	-	(147,892)
Conservation and development	458,157	106,118	-	-	(352,039)	-	(352,039)
Interest and fiscal charges	226,455	-	-	-	(226,455)	-	(226,455)
Total governmental activities	6,944,589	2,506,860	391,010	62,436	(3,984,283)	-	(3,984,283)
Business-type activities							
Utility District No. 1 - Stormwater and Refuse	165,428	232,187	-	-	-	66,759	66,759
Total business-type activities	165,428	232,187	-	-	-	66,759	66,759
Total primary government	\$ 7,110,017	\$ 2,739,047	\$ 391,010	\$ 62,436	(3,984,283)	66,759	(3,917,524)
General revenues							
Taxes							
Property taxes, levied for general purposes					2,680,002	-	2,680,002
Property taxes, levied for debt service					1,488,180	-	1,488,180
Other taxes					110,555	-	110,555
Intergovernmental revenues not restricted to specific programs					177,744	-	177,744
Investment income					102,477	-	102,477
Gain on sale of capital assets					1,192,000	-	1,192,000
Miscellaneous					35,708	-	35,708
Total general revenues					5,786,666	-	5,786,666
Change in net position					1,802,383	66,759	1,869,142
NET POSITION - Beginning of Year					14,689,915	976,754	15,666,669
NET POSITION - END OF YEAR					\$ 16,492,298	\$ 1,043,513	\$ 17,535,811

See accompanying notes to financial statements.

TOWN OF LISBON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,400,462	\$ 21,279	\$ 1,662,731	\$ 426,659	\$ 5,511,131
Taxes receivable	3,631,586	1,488,180	-	-	5,119,766
Delinquent personal property taxes receivable	4,838	-	-	-	4,838
Accounts receivable (net)	498,047	-	30,242	910	529,199
Due from other funds	501,704	-	-	-	501,704
Prepaid items	84,805	-	-	-	84,805
TOTAL ASSETS	<u>\$ 8,121,442</u>	<u>\$ 1,509,459</u>	<u>\$ 1,692,973</u>	<u>\$ 427,569</u>	<u>\$ 11,751,443</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	\$ 177,960	\$ -	\$ 49,716	\$ 52,613	\$ 280,289
Accrued liabilities	86,992	-	-	157	87,149
Deposits	111,479	-	-	-	111,479
Due to other funds	-	-	-	497,649	497,649
Total Liabilities	<u>376,431</u>	<u>-</u>	<u>49,716</u>	<u>550,419</u>	<u>976,566</u>
Deferred inflows of resources					
Unearned revenue	3,651,724	1,488,180	-	-	5,139,904
Fund Balances (Deficits)					
Nonspendable	89,643	-	-	-	89,643
Restricted	-	21,279	-	370,271	391,550
Committed	-	-	1,643,257	38,204	1,681,461
Assigned	275,000	-	-	-	275,000
Unassigned (deficits)	3,728,644	-	-	(531,325)	3,197,319
Total Fund Balances (deficits)	<u>4,093,287</u>	<u>21,279</u>	<u>1,643,257</u>	<u>(122,850)</u>	<u>5,634,973</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 8,121,442</u>	<u>\$ 1,509,459</u>	<u>\$ 1,692,973</u>	<u>\$ 427,569</u>	
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 II. A.					18,855,918
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.					(257,018)
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.					1,201,017
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					708,305
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.					23,038
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					(356,863)
The total other postemployment benefit liability does not relate to current financial resources and is not reported in the governmental funds.					(250,689)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.					(4,397)
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 II. A.					<u>(10,771,531)</u>
NET POSITION OF GOVERNMENTAL FUNDS					<u>\$ 16,492,298</u>

See accompanying notes to the financial statements.

TOWN OF LISBON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,790,557	\$ 1,488,180	\$ -	\$ -	\$ 4,278,737
Intergovernmental revenues	554,554	-	-	-	554,554
Regulation and compliance	448,399	-	-	-	448,399
Public charges for services	1,913,590	-	-	53,973	1,967,563
Intergovernmental charges for services	43,778	-	62,436	38,353	144,567
Investment income	97,483	-	4,241	753	102,477
Miscellaneous	22,578	-	32,132	3,966	58,676
Total Revenues	<u>5,870,939</u>	<u>1,488,180</u>	<u>98,809</u>	<u>97,045</u>	<u>7,554,973</u>
EXPENDITURES					
Current					
General government	898,625	-	-	-	898,625
Public safety	2,309,050	-	-	-	2,309,050
Public works	931,312	-	-	31,197	962,509
Sanitation	794,038	-	-	-	794,038
Culture and recreation	148,208	-	-	3,604	151,812
Conservation and development	-	-	-	458,157	458,157
Capital Outlay	-	-	152,761	-	152,761
Debt Service					
Principal	-	1,590,842	-	-	1,590,842
Interest	-	257,338	-	-	257,338
Total Expenditures	<u>5,081,233</u>	<u>1,848,180</u>	<u>152,761</u>	<u>492,958</u>	<u>7,575,132</u>
Excess (deficiency) of revenues over expenditures	<u>789,706</u>	<u>(360,000)</u>	<u>(53,952)</u>	<u>(395,913)</u>	<u>(20,159)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1,192,000	-	-	-	1,192,000
Transfers in	-	360,000	466,427	92,644	919,071
Transfers out	(826,427)	-	-	(92,644)	(919,071)
Total Other Financing Sources (Uses)	<u>365,573</u>	<u>360,000</u>	<u>466,427</u>	<u>-</u>	<u>1,192,000</u>
Net Change in Fund Balances	1,155,279	-	412,475	(395,913)	1,171,841
FUND BALANCE - BEGINNING OF YEAR	<u>2,938,008</u>	<u>21,279</u>	<u>1,230,782</u>	<u>273,063</u>	<u>4,463,132</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 4,093,287</u>	<u>\$ 21,279</u>	<u>\$ 1,643,257</u>	<u>\$ (122,850)</u>	<u>\$ 5,634,973</u>

See accompanying 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 For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ 1,171,841
--------------------------------------------------------	--------------

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	152,761
Some items reported as current expenditures were capitalized	30,299
Depreciation is recorded in the government-wide statements	(1,117,397)
Net book value of assets disposed of	(4,000)

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.

Principal repaid	1,590,842
------------------	-----------

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	(55,312)
Net pension liability	(465,388)
Deferred outflows of resources related to pension and OPEB	314,395
Deferred inflows of resources related to pension and OPEB	53,071
Total other postemployment benefit liability	269
Amortization of deferred charge on refunding	(11,520)
Amortization of premium on long-term debt	30,723
Accrued interest on debt	11,680
Amortization of capacity entitlements	100,119

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,802,383
----------------------------------------------------------	---------------------

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	Business-type Activities - Enterprise Fund
	Storm Water Fund
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 283,324
Taxes receivable	231,584
Total Current Assets	<u>514,908</u>
NON-CURRENT ASSETS	
Capital assets	
Property and equipment	818,496
Less: Accumulated depreciation/amortization	<u>(51,121)</u>
Total Non-Current Assets	<u>767,375</u>
Total Assets	<u>1,282,283</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	1,549
Accrued liabilities	1,382
Deposits	200
Due to other funds	<u>4,055</u>
Total Current Liabilities	<u>7,186</u>
DEFERRED INFLOWS OF RESOURCES	
Subsequent year's tax levy	<u>231,584</u>
NET POSITION	
Investment in capital assets	767,375
Unrestricted	<u>276,138</u>
TOTAL NET POSITION	<u>\$ 1,043,513</u>

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Fund
	Storm Water Fund
OPERATING REVENUES	
Charges for services	\$ 232,187
OPERATING EXPENSES	
Operation and maintenance	156,164
Depreciation	9,264
Total Operating Expenses	165,428
Operating Income before Capital Contributions	66,759
CAPITAL CONTRIBUTIONS	-
Change in Net Position	66,759
NET POSITION - Beginning of Year	976,754
NET POSITION - END OF YEAR	\$ 1,043,513

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Fund
	Storm Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 232,187
Paid to vendors for goods and services	(111,369)
Paid to employees for services	(48,190)
Net Cash Flows from Operating Activities	72,628
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	-
Grant received	-
Net Cash Flows from Capital and Related Financing Activities	-
Net Change in Cash and Cash Equivalents	72,628
CASH AND CASH EQUIVALENTS - Beginning of Year	210,696
CASH AND CASH EQUIVALENTS - End of Year	\$ 283,324
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income	\$ 66,759
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	9,264
Changes in assets and liabilities	
Taxes receivable	(2,659)
Accounts payable	(4,202)
Accrued liabilities	807
Deferred inflow of resources - subsequent year's tax levy	2,659
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 72,628
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2019

	Custodial Fund
	<u>Tax Roll Fund</u>
ASSETS	
Cash and cash equivalents	\$ 10,706,909
Taxes receivable	4,070,162
Total Assets	<u>14,777,071</u>
LIABILITIES	
Liabilities	
Accounts payable	7,210
Due to other taxing units	14,769,861
Total Liabilities	<u>14,777,071</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

TOWN OF LISBON

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Year Ended December 31, 2019

	Custodial Fund
	<u>Tax Roll Fund</u>
ADDITIONS	
Tax collections	<u>\$ 11,298,117</u>
DEDUCTIONS	
Payments to overlying districts	<u>11,298,117</u>
Net Change in Net Position	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to financial statements.

TOWN OF LISBON

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE	Page
I Summary of Significant Accounting Policies	15
A. Reporting Entity	15
B. Government-Wide and Fund Financial Statements	15
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	17
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	19
1. Deposits and Investments	19
2. Receivables	20
3. Prepaid Items	21
4. Capital Assets	21
5. Deferred Outflows of Resources	22
6. Compensated Absences	22
7. Long-Term Obligations/Conduit Debt	22
8. Deferred Inflows of Resources	22
9. Equity Classifications	23
10. Pension	24
11. Postemployment Benefits Other Than Pensions (OPEB)	24
12. Basis for Existing Rates	25
13. Land Held for Resale	25
II Reconciliation of Government-Wide and Fund Financial Statements	25
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	25
III Stewardship, Compliance, and Accountability	26
A. Budgetary Information	26
B. Excess Expenditures Over Appropriations	26
C. Deficit Balances	27
D. Limitations on the Town's Tax Levy	27
IV Detailed Notes on All Funds	28
A. Deposits and Investments	28
B. Receivables	29
C. Capital Assets	30
D. Interfund Receivables/Payables and Transfers	32
E. Long-Term Obligations	34
F. Net Position/Fund Balances	36
V Other Information	38
A. Employees' Retirement System	38
B. Risk Management	44
C. Commitments and Contingencies	44
D. Other Postemployment Benefits	44
E. Effect of New Accounting Standards on Current-Period Financial Statements	47
F. Capacity Entitlements	48

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - 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).

A. 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% 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 - 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 - 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 fund - Equipment Acquisition Fund - 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.

The town reports the following major enterprise fund:

- Storm Water Fund - accounts for operations of the storm water system

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The town reports the following nonmajor governmental funds:

Special Revenue Funds - 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

Capital Projects Funds - 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.

TID #1 Fund

Sewer Study Fund

In addition, the town reports the following fund type:

Custodial Funds - 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

C. 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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.

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 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. 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.
- 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2019, 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 IV. A. for further information.

2. 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 - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

3. 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.

4. 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

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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. 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.

6. 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, 2019, are determined on the basis of current salary rates and include salary related payments.

7. 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.

8. 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
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

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 \$1,101,241, and is included in unassigned general fund fund balance.

See Note IV. F. for further information.

10. 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.

11. 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Basis for Existing Rates

Storm Water Fund

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

13. 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.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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.

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

Land	\$	558,240
Buildings and improvements		3,043,581
Equipment and furnishings		5,556,272
Infrastructure		28,737,973
Intangible - software		46,010
Less: Accumulated depreciation		<u>(19,086,158)</u>
Combined Adjustment for Capital Assets	\$	<u>18,855,918</u>

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

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	\$	9,347,943
Accumulated sick and vacation pay		194,799
Accrued interest		96,145
Village of Sussex contract payable		917,581
Unamortized debt premium		<u>215,063</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>10,771,531</u></u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Capital Project Fund - Equipment acquisition fund	\$ 143,000	\$ 152,761	\$ 9,761

The town controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the town's year-end budget to actual report.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - TID #1 Fund	\$ 531,325	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.

D. 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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. 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:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 13,873,444	\$ 13,968,308	Custodial credit
LGIP	2,627,720	2,627,720	Credit
Petty cash	200	-	N/A
 Total Deposits and Investments	 \$ 16,501,364	 \$ 16,596,028	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,794,455		
Per statement of fiduciary net position			
Tax Roll Fund	10,706,909		
 Total Deposits and Investments	 \$ 16,501,364		

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, 2019, the banks had pledged various government securities in the amount of \$13,884,935 to secure the town's deposits.

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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

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 I.D.1. for further information on deposit and investment policies.

B. 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	<u>\$ 5,371,488</u>
Total Unearned/Unavailable Revenue for Governmental and Proprietary Funds	<u><u>\$ 5,371,488</u></u>

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 558,240	\$ -	\$ -	\$ 558,240
Total Capital Assets Not Being				
Depreciated	558,240	-	-	558,240
Capital assets being				
depreciated/amortized				
Buildings and improvements	3,043,581	-	-	3,043,581
Equipment and furnishings	5,538,031	43,229	24,988	5,556,272
Infrastructure	28,598,142	139,831	-	28,737,973
Intangibles - software	46,010	-	-	46,010
Total Capital Assets Being				
Depreciated/Amortized	37,225,764	183,060	24,988	37,383,836
Total Capital Assets	37,784,004	183,060	24,988	37,942,076
Less: Accumulated				
depreciation/amortization for				
Buildings and improvements	(1,028,271)	(48,876)	-	(1,077,147)
Equipment and furnishings	(2,501,800)	(298,566)	20,988	(2,779,378)
Infrastructure	(14,458,528)	(767,654)	-	(15,226,182)
Intangibles - software	(1,150)	(2,301)	-	(3,451)
Total Accumulated				
Depreciation/Amortization	(17,989,749)	(1,117,397)	20,988	(19,086,158)
Net Capital Assets Being				
Depreciated/Amortized	19,236,015	(934,337)	4,000	18,297,678
Total Governmental Activities				
Capital Assets, Net of				
Accumulated				
Depreciation/Amortization	\$ 19,794,255	\$ (934,337)	\$ 4,000	\$ 18,855,918

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 54,418
Public safety	160,857
Public works	879,778
Culture and recreation	22,344
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,117,397

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 530,141	\$ -	\$ -	\$ 530,141
Total Capital Assets Not Being Depreciation	530,141	-	-	530,141
Capital assets being depreciated/amortized				
Storm water infrastructure	280,686	-	-	280,686
Intangible - software	7,669	-	-	7,669
Total Capital Assets Being Depreciated/Amortized	288,355	-	-	288,355
Total Capital Assets	818,496	-	-	818,496
Less: Accumulated depreciation for				
Storm water infrastructure	(41,665)	(8,881)	-	(50,546)
Intangible - software	(192)	(383)	-	(575)
Total Accumulated Depreciation	(41,857)	(9,264)	-	(51,121)
Net Capital Assets Being Depreciated/Amortized	246,498	(9,264)	-	237,234
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 776,639	\$ (9,264)	\$ -	\$ 767,375

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. 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:

Receivable Fund	Payable Fund	Amount
General Fund	Storm Water Fund	\$ 4,055
General Fund	Special revenue fund - compost fund	1,838
General Fund	Capital projects fund - TID #1 fund	<u>495,811</u>
Total - Fund Financial Statements		501,704
Less: Government-wide eliminations		<u>(497,649)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 4,055</u></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.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

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	\$ 360,000	To cover debt service costs.
Capital Projects Fund - Equipment Acquisition fund	General Fund	466,427	Sinking fund budget for capital costs.
Special Revenue - Building Fund	Special Revenue - Fire Operations Fund	<u>92,644</u>	To include in proper fund.
Total - Fund Financial Statements		919,071	
Less: Fund eliminations		<u>(919,071)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ -</u></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 As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,836,531	\$ -	\$ 1,488,588	\$ 9,347,943	\$ 1,493,672
Village of Sussex Contracts Payable	1,019,835	-	102,254	917,581	104,858
(Discounts)/Premiums	<u>245,786</u>	<u>-</u>	<u>30,723</u>	<u>215,063</u>	<u>-</u>
Sub-totals	<u>12,102,152</u>	<u>-</u>	<u>1,621,565</u>	<u>10,480,587</u>	<u>1,598,530</u>
Other Liabilities					
Accumulated sick and vacation pay	139,487	175,261	119,949	194,799	119,949
Other postemployment benefits liability	250,958	-	269	250,689	-
Net pension liability	<u>-</u>	<u>257,018</u>	<u>-</u>	<u>257,018</u>	<u>-</u>
Total Other Liabilities	<u>390,445</u>	<u>432,279</u>	<u>120,218</u>	<u>702,506</u>	<u>119,949</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,492,597</u>	<u>\$ 432,279</u>	<u>\$ 1,741,783</u>	<u>\$ 11,183,093</u>	<u>\$ 1,718,479</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the town may not exceed 5% of the equalized value of taxable property within the town's jurisdiction. The debt limit as of December 31, 2019, was \$66,115,700. Total general obligation debt outstanding at year end was \$9,347,943.

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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General obligation debt	07/01/10	07/01/20	3.05%	\$ 550,000	\$ 55,000
General obligation debt	08/01/11	08/01/21	3.15	650,000	130,000
General obligation debt	08/15/12	08/15/22	2.00	594,250	178,275
General obligation debt	08/01/13	08/01/23	2.00	567,000	226,800
General obligation debt	03/01/14	03/01/24	2.90	539,250	269,625
General obligation debt	12/11/14	03/15/21	.5 - 1.9	2,115,000	550,000
General obligation debt	01/01/15	02/15/22	0.00	23,304	8,684
General obligation debt	07/07/16	03/01/26	2.00	8,060,000	6,435,000
General obligation debt	07/26/16	03/15/36	3.50	1,700,000	<u>1,494,559</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 9,347,943</u>

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 1,493,672	\$ 201,147
2021	1,481,115	168,484
2022	1,143,500	139,538
2023	1,098,631	115,011
2024	1,064,369	102,154
2025-2029	2,344,264	214,931
2030-2034	497,988	92,819
2035-2036	224,404	11,864
Totals	\$ 9,347,943	\$ 1,045,948

Village of Sussex contracts payable

Village of Sussex contracts payable at December 31, 2019 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, 2019</u>
Clean Water fund loan	2007	05/01/27	2.55%	\$ 1,912,595	\$ 917,581
Total Governmental Activities Village of Sussex contracts payable					\$ 917,581

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Village of Sussex contracts payable	
	Principal	Interest
2020	\$ 104,858	\$ 22,035
2021	107,529	19,331
2022	110,267	16,557
2023	113,076	13,713
2024	115,957	6,136
2025-2027	365,894	9,397
Totals	\$ 917,581	\$ 87,169

Other Debt Information

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

F. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 558,240
Other capital assets, net of accumulated depreciation/amortization	18,297,678
Less: Long-term debt outstanding	(9,347,943)
Plus: Unspent capital related debt proceeds	1,078,021
Plus: Unamortized charge on refunding	23,039
Less: Unamortized debt premium	(215,063)
Total Net Investment in Capital Assets	\$ 10,393,972

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Debt Service Fund	Capital Projects - Equipment Acquisition Fund	Nonmajor Governmental Funds	Totals
Fund Balances					
Nonspendable:					
Prepaid items	\$ 84,805	\$ -	\$ -	\$ -	\$ 84,805
Delinquent personal property taxes	4,838	-	-	-	4,838
Sub-total	89,643	-	-	-	89,643
Restricted for:					
Debt service	-	21,279	-	-	21,279
Library	-	-	-	10,710	10,710
Park	-	-	-	52,839	52,839
Building	-	-	-	169,966	169,966
Fire operations	-	-	-	31,819	31,819
Sewer study	-	-	-	104,937	104,937
Sub-total	-	21,279	-	370,271	391,550
Committed to:					
Equipment acquisition	-	-	1,643,257	-	1,643,257
Compost	-	-	-	38,204	38,204
Sub-total	-	-	1,643,257	38,204	1,681,461
Assigned to:					
Other postemployment benefits	251,000	-	-	-	251,000
Impact fee study	8,000	-	-	-	8,000
Litigation	16,000	-	-	-	16,000
Sub-total	275,000	-	-	-	275,000
Unassigned (deficit):	3,728,644	-	-	(531,325)	3,197,319
Total Fund Balances (Deficit)	\$ 4,093,287	\$ 21,279	\$ 1,643,257	\$ (122,850)	\$ 5,634,973

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION

A. 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 (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective 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 As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>
2009	(2.1)%	(42.0)%
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

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 \$79,704 in contributions from the town.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the town reported a liability of \$257,018 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The town's proportion of the net pension liability was based on the town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the town's proportion was 0.00722431%, which was an increase of 0.00020631% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the town recognized pension expense of \$160,716.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,178	\$ 353,843
Changes in assumptions	43,323	-
Net differences between projected and actual earnings on pension plan investments	375,357	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,819	3,020
Employer contributions subsequent to the measurement date	86,628	-
Totals	\$ 708,305	\$ 356,863

\$86,628 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 96,131
2021	23,652
2022	41,742
2023	103,289

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age 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% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

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

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's proportionate share of the net pension liability/(asset)	\$1,021,417	\$257,018	\$(311,371)

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

At December 31, 2019, the town reported a payable to the pension plan of \$10,976 which represents contractually required contributions outstanding as of the end of the year.

B. 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.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and 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.

D. 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 board.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 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, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	11
	12

TOTAL OPEB LIABILITY

The town's total OPEB liability of \$250,689 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	Range from 3.5% in service year 1 to .4% in service year 30 for general and 4.8% in service year 1 to .5% in service year 30 for protective
Healthcare cost trend rates	Range from -1.29% in year one to 5.0% in years 18 and over

The discount rate was based on the municipal bond rate..

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-2014.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ 250,958
Changes for the year:	
Service cost	7,120
Interest	8,729
Changes in assumptions or other inputs	(5,863)
Benefit payments	(10,255)
Net changes	(269)
Balances at December 31, 2019	\$ 250,689

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 (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 262,503	\$ 250,689	\$ 239,255

Sensitivity of the net 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 ((2.3) percent decreasing to 4.0 percent) or 1-percentage-point higher ((0.3) percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease ((2.3)% Decreasing to 4.0%)	Healthcare Cost Trend Rates ((1.3)% Decreasing to 5.0%)	1% Increase ((0.3)% Decreasing to 6.0%)
Total OPEB liability	\$ 233,736	\$ 250,689	\$ 269,203

TOWN OF LISBON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the town recognized OPEB expense of \$14,383. At December 31, 2019, the town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ <u>4,397</u>
Total	\$ <u><u>4,397</u></u>

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

Year Ended December 31:

2020	\$ (1,466)
2021	(1,466)
2022	(1,465)

E. 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
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

F. 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, 2019, accumulated amortization was \$1,696,454.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LISBON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
REVENUES			
Taxes	\$ 2,770,316	\$ 2,790,557	\$ 20,241
Intergovernmental revenues	531,735	554,554	22,819
Regulation and compliance	392,640	448,399	55,759
Public charges for services	1,417,562	1,913,590	496,028
Intergovernmental charges for services	35,000	43,778	8,778
Investment income	30,000	97,483	67,483
Miscellaneous	50,766	22,578	(28,188)
Total Revenues	<u>5,228,019</u>	<u>5,870,939</u>	<u>642,920</u>
EXPENDITURES			
Current			
General government	826,224	898,625	(72,401)
Public safety	1,911,372	2,309,050	(397,678)
Public works	998,859	931,312	67,547
Sanitation	838,950	794,038	44,912
Culture and recreation	186,187	148,208	37,979
Total Expenditures	<u>4,761,592</u>	<u>5,081,233</u>	<u>(319,641)</u>
Excess of revenues over (under) expenditures	466,427	789,706	323,279
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	1,192,000	1,192,000
Transfer out	(466,427)	(826,427)	(360,000)
Total other financing sources (uses)	<u>(466,427)</u>	<u>365,573</u>	<u>832,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>1,155,279</u>	<u>\$ 1,155,279</u>
FUND BALANCE - Beginning of Year		<u>2,938,008</u>	
FUND BALANCE - END OF YEAR		<u>\$ 4,093,287</u>	

See independent auditors' report and accompanying notes to required supplementary information.

TOWN OF LISBON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

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)
12/31/14	0.006753080%	\$ (165,829)	\$ 804,079	-20.62%	102.74%
12/31/15	0.006773830%	110,073	917,335	12.00%	98.20%
12/31/16	0.006852040%	56,477	902,432	6.26%	99.12%
12/31/17	0.007018000%	(208,370)	900,604	23.14%	102.93%
12/31/18	0.007224310%	257,018	975,271	26.35%	96.45%

TOWN OF LISBON

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

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
12/31/15	\$ 69,036	\$ (69,036)	\$ -	\$ 917,335	7.53%
12/31/16	66,397	(66,397)	-	902,432	7.36%
12/31/17	70,893	(70,893)	-	907,525	7.81%
12/31/18	75,349	(75,349)	-	900,683	8.37%
12/31/19	86,628	(86,628)	-	1,041,535	8.32%

See independent auditors' report and accompanying 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 For the Year Ended December 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	\$ 7,120	\$ 7,120
Interest	8,729	8,396
Prior year activity	-	135,283
Changes of assumptions	(5,863)	-
Benefit payments	(10,255)	(1,796)
Net Change in Total OPEB Liability	(269)	149,003
Total OPEB Liability - Beginning	250,958	101,955
Total OPEB Liability - Ending	\$ 250,689	\$ 250,958
Covered-employee payroll	\$ 287,430	\$ 287,430
Total OPEB liability as a percentage of covered-employee payroll	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
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 287,430	\$ 287,430
Contributions as a percentage of covered-employee payroll	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 For the Year Ended December 31, 2019

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

TOWN OF LISBON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

As of December 31, 2019

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	
ASSETS								
Cash and investments	\$ 10,710	\$ 54,439	\$ 185,566	\$ 31,819	\$ 39,188	\$ -	\$ 104,937	\$ 426,659
Accounts receivable	-	-	-	-	910	-	-	910
TOTAL ASSETS	<u>\$ 10,710</u>	<u>\$ 54,439</u>	<u>\$ 185,566</u>	<u>\$ 31,819</u>	<u>\$ 40,098</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 427,569</u>
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities								
Accounts payable	\$ -	\$ 1,600	\$ 15,600	\$ -	\$ -	\$ 35,413	\$ -	\$ 52,613
Accrued liabilities	-	-	-	-	56	101	-	157
Due to other funds	-	-	-	-	1,838	495,811	-	497,649
Total Liabilities	<u>-</u>	<u>1,600</u>	<u>15,600</u>	<u>-</u>	<u>1,894</u>	<u>531,325</u>	<u>-</u>	<u>550,419</u>
Fund Balances (Deficits)								
Restricted	10,710	52,839	169,966	31,819	-	-	104,937	370,271
Committed	-	-	-	-	38,204	-	-	38,204
Unassigned (deficits)	-	-	-	-	-	(531,325)	-	(531,325)
Total Fund Balances (Deficits)	<u>10,710</u>	<u>52,839</u>	<u>169,966</u>	<u>31,819</u>	<u>38,204</u>	<u>(531,325)</u>	<u>104,937</u>	<u>(122,850)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 10,710</u>	<u>\$ 54,439</u>	<u>\$ 185,566</u>	<u>\$ 31,819</u>	<u>\$ 40,098</u>	<u>\$ -</u>	<u>\$ 104,937</u>	<u>\$ 427,569</u>

TOWN OF LISBON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Funds
	Library Fund	Park Fund	Building Fund	Fire Operations Fund	Compost Fund	TID #1 Fund	Sewer Study Fund	
REVENUES								
Public charges for services	\$ -	\$ 18,305	\$ 35,668	\$ -	\$ -	\$ -	\$ -	\$ 53,973
Intergovernmental charges for services	-	-	-	-	38,353	-	-	38,353
Investment income	-	-	-	753	-	-	-	753
Miscellaneous	-	3,966	-	-	-	-	-	3,966
Total Revenues	-	22,271	35,668	753	38,353	-	-	97,045
EXPENDITURES								
Current								
Public works	-	-	-	-	31,197	-	-	31,197
Culture and recreation	-	3,604	-	-	-	-	-	3,604
Conservation and development	-	-	-	-	-	458,157	-	458,157
Total Expenditures	-	3,604	-	-	31,197	458,157	-	492,958
Excess (deficiency) of revenues over expenditures	-	18,667	35,668	753	7,156	(458,157)	-	(395,913)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	92,644	-	-	-	-	92,644
Transfers out	-	-	-	(92,644)	-	-	-	(92,644)
Total Other Financing Sources (Uses)	-	-	92,644	(92,644)	-	-	-	-
Net Changes in Fund Balance	-	18,667	128,312	(91,891)	7,156	(458,157)	-	(395,913)
FUND BALANCE (DEFICIT) - Beginning of Year	10,710	34,172	41,654	123,710	31,048	(73,168)	104,937	273,063
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 10,710	\$ 52,839	\$ 169,966	\$ 31,819	\$ 38,204	\$ (531,325)	\$ 104,937	\$ (122,850)