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**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015**

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
December 31, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Liberty Grove
Door County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Liberty Grove, Wisconsin ("the Town") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Certified Public Accountants
Green Bay, Wisconsin
March 9, 2016

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BASIC FINANCIAL STATEMENTS

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Statement of Net Position
December 31, 2015

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	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,059,099	\$ 544,954	\$ 3,604,053
Receivables			
Accounts	22,989	24,645	47,634
Taxes	7,133,477	-	7,133,477
Tower investment	14,000	-	14,000
Inventories and prepaid items	80,505	-	80,505
Restricted assets			
Cash and investments	-	26,774	26,774
Investment in joint venture			
Fire Department	1,120,868	-	1,120,868
Capital assets, nondepreciable			
Land	1,813,111	8,000	1,821,111
Capital assets, depreciable			
Improvements other than buildings	103,848	157,883	261,731
Buildings	4,067,511	-	4,067,511
Machinery and equipment	1,659,403	791	1,660,194
Infrastructure	3,482,462	2,638,577	6,121,039
Less: Accumulated depreciation	(3,219,089)	(1,224,736)	(4,443,825)
TOTAL ASSETS	19,338,184	2,176,888	21,515,072
LIABILITIES			
Accounts payable	-	21,703	21,703
Accrued and other current liabilities	1,685	-	1,685
Accrued interest payable	17,347	-	17,347
Due to other governments	7,247,898	-	7,247,898
Long-term obligations			
Due within one year	596,202	-	596,202
Due in more than one year	1,242,732	-	1,242,732
TOTAL LIABILITIES	9,105,864	21,703	9,127,567
DEFERRED INFLOWS OF RESOURCES			
Property taxes	2,152,807	-	2,152,807
NET POSITION			
Net investment in capital assets	6,085,502	1,580,515	7,666,017
Restricted for capital assets	-	26,774	26,774
Unrestricted	1,994,011	547,896	2,541,907
TOTAL NET POSITION	\$ 8,079,513	\$ 2,155,185	\$ 10,234,698

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

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN**
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Expenses			
Governmental Activities			
General government	\$ 383,075	\$ 81,658	\$ -
Public safety	314,016	-	-
Public works	666,789	3,922	248,172
Culture, recreation and education	114,724	20,739	-
Health and human services	8,410	38,033	-
Conservation and development	30,870	-	-
Debt service	70,951	-	-
Total Governmental Activities	1,588,835	144,352	248,172
Business-type Activities			
Water utility	65,743	46,955	-
Sewer utility	94,390	61,993	-
Total Business-type Activities	160,133	108,948	-
Total	\$ 1,748,968	\$ 253,300	\$ 248,172
			\$ 39,381

General revenues
 Property taxes, levied for general purposes
 Other taxes and fees
 State and federal aids not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on disposition of capital assets
 Total general revenues

Change in net position
 Net position - January 1, as originally reported
 Prior period adjustment
 Net position - January 1, as restated
 Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total

\$	(301,417)	\$	-	\$	(301,417)
	(314,016)		-		(314,016)
	(414,695)		-		(414,695)
	(54,604)		-		(54,604)
	29,623		-		29,623
	(30,870)		-		(30,870)
	(70,951)		-		(70,951)
	<u>(1,156,930)</u>		<u>-</u>		<u>(1,156,930)</u>

	-	(18,788)	(18,788)
	-	(32,397)	(32,397)
	-	<u>(51,185)</u>	<u>(51,185)</u>

<u>(1,156,930)</u>	<u>(51,185)</u>	<u>(1,208,115)</u>
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2,132,214	13,467	2,145,681
87,329	-	87,329
40,267	-	40,267
1,654	3,526	5,180
142,555	59	142,614
27,138	-	27,138
<u>2,431,157</u>	<u>17,052</u>	<u>2,448,209</u>

<u>1,274,227</u>	<u>(34,133)</u>	<u>1,240,094</u>
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5,684,418	2,189,318	7,873,736
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<u>1,120,868</u>	<u>-</u>	<u>1,120,868</u>
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<u>6,805,286</u>	<u>2,189,318</u>	<u>8,994,604</u>
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<u>\$ 8,079,513</u>	<u>\$ 2,155,185</u>	<u>\$ 10,234,698</u>
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TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Balance Sheet - General Fund
December 31, 2015

	2015
ASSETS	
Cash and investments	\$ 3,059,099
Receivables	
Taxes	7,133,477
Accounts	22,989
Tower investment	14,000
Inventories and prepaid items	80,505
TOTAL ASSETS	\$ 10,310,070
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities	
Payroll liabilities	\$ 1,685
Due to other governments	7,247,898
Total Liabilities	7,249,583
Deferred Inflows of Resources	
Property taxes	2,152,807
Tower investment	14,000
Total Deferred Inflows of Resources	2,166,807
Fund Balance	
Nonspendable for inventory and prepaids	80,505
Committed	
Capital reserve	113,953
Parks capital outlay	10,226
Community kitchen	15,509
Public works carryover	16,033
Assigned	
2016 budget	159,473
Subsequent years expenditures	215,553
Unassigned	282,428
Total Fund Balance	893,680
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 10,310,070
<u>Reconciliation to the Statement of Net Position</u>	
Total Fund Balance as shown above	\$ 893,680
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	7,907,246
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds	
Tower investment receivable	14,000
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(1,821,744)
Compensated absences	(17,190)
Accrued interest on long-term obligations	(17,347)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)	\$ 6,958,645

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

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund
For the Year Ended December 31, 2015

	2015
Revenues	
Taxes	\$ 2,219,402
Intergovernmental	328,093
Licenses and permits	64,596
Public charges for services	63,236
Intergovernmental charges for services	2,958
Miscellaneous	157,640
Total Revenues	2,835,925
Expenditures	
General government	378,628
Public safety	280,818
Public works	1,083,059
Culture, recreation and education	109,899
Health and human services	6,535
Conservation and development	30,870
Debt service	
Principal	586,202
Interest and fiscal charges	76,641
Total Expenditures	2,552,652
Excess of Revenues Over Expenditures	283,273
Other Financing Sources	
Sale of capital assets	30,717
Net Change in Fund Balance	313,990
Fund Balance - January 1	579,690
Fund Balance - December 31	\$ 893,680

(Continued)

**TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN**
Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund (Continued)
For the Year Ended December 31, 2015

Reconciliation to the Statement of Activities

Net Change in Fund Balance as shown on previous page \$ 313,990

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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as expenditures in the governmental fund statements	651,221
Depreciation expense reported in the statement of activities	(276,108)

In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.

Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ (30,717)
Gain on disposition reported on the statement of activities	<u>27,138</u>
Book value of capital assets disposed of	(3,579)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:	(17,190)
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Repayment of principal on long-term receivable and loans made are reported in the governmental funds as a revenue or expenditure, but are reported as a change in the long-term receivable in the statement of net position and does not affect the statement of activities. Current year activity consist of:

Tower investment receivable	14,000
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	586,202
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Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	<u>5,691</u>
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Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 4 and 5)	<u><u>\$ 1,274,227</u></u>
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The notes to the basic financial statements are an integral part of this statement.

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 2,198,054	\$ 2,219,402	\$ 21,348
Intergovernmental	313,551	328,093	14,542
Licenses and permits	68,855	64,596	(4,259)
Public charges for services	53,795	63,236	9,441
Intergovernmental charges for services	3,300	2,958	(342)
Miscellaneous	17,300	157,640	140,340
Total Revenues	2,654,855	2,835,925	181,070
Expenditures			
General government	498,661	378,628	120,033
Public safety	384,139	280,818	103,321
Public works	1,130,220	1,083,059	47,161
Culture, recreation and education	149,477	109,899	39,578
Health and human services	17,498	6,535	10,963
Conservation and development	40,774	30,870	9,904
Debt service			
Principal	586,202	586,202	-
Interest and fiscal charges	76,585	76,641	(56)
Total Expenditures	2,883,556	2,552,652	330,904
Excess of Revenues Over (Under) Expenditures	(228,701)	283,273	511,974
Other Financing Sources			
Proceeds from sale of assets	-	30,717	30,717
Net Change in Fund Balance	(228,701)	313,990	542,691
Fund Balance - January 1	579,690	579,690	-
Fund Balance - December 31	\$ 350,989	\$ 893,680	\$ 542,691

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

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
 Statement of Net Position
 Proprietary Fund - Water and Sewer Utility Enterprise Fund
 December 31, 2015

	Enterprise Fund Water and Sewer Utility
ASSETS	
Cash and investments	\$ 544,954
Receivables	
Accounts	24,645
Restricted assets	
Cash and investments	26,774
Capital assets, nondepreciable	
Land	8,000
Capital assets, depreciable	
Improvements other than buildings	157,883
Machinery and equipment	791
Infrastructure	2,638,577
Less: Accumulated depreciation	<u>(1,224,736)</u>
TOTAL ASSETS	<u>2,176,888</u>
LIABILITIES	
Accounts payable	<u>21,703</u>
NET POSITION	
Net investment in capital assets	1,580,515
Restricted for capital assets	26,774
Unrestricted	<u>547,896</u>
TOTAL NET POSITION	<u><u>\$ 2,155,185</u></u>

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

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Water and Sewer Utility Enterprise Fund
For the Year Ended December 31, 2015

	Enterprise Fund		
	Water Utility	Sewer Utility	Total
Operating Revenues			
Charges for services	\$ 43,998	\$ 61,827	\$ 105,825
Other	2,957	166	3,123
Total Operating Revenues	<u>46,955</u>	<u>61,993</u>	<u>108,948</u>
Operating Expenses			
Operation and maintenance	37,073	70,600	107,673
Administrative and general	6,878	421	7,299
Depreciation	21,747	23,369	45,116
Taxes	45	-	45
Total Operating Expenses	<u>65,743</u>	<u>94,390</u>	<u>160,133</u>
Operating Loss	<u>(18,788)</u>	<u>(32,397)</u>	<u>(51,185)</u>
Nonoperating Revenues			
Interest income			3,526
Town property tax levy			13,467
Miscellaneous			59
Total Nonoperating Revenues			<u>17,052</u>
Change in Net Position			<u>(34,133)</u>
Net Position - January 1			<u>2,189,318</u>
Net Position - December 31			<u><u>\$ 2,155,185</u></u>

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

TOWN OF LIBERTY GROVE
DOOR COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Fund - Water and Sewer Utility Enterprise Fund
For the Year Ended December 31, 2015

	Enterprise Fund
	Water and
	Sewer Utility
Cash Flows from Operating Activities	
Cash received from user charges	\$ 108,903
Cash payments to suppliers and contractors	(115,732)
Net Cash Used by Operating Activities	<u>(6,829)</u>
Cash Flows from Noncapital Financing Activities	
Cash received from miscellaneous revenues	59
Property tax levy	13,467
Net Cash Provided by Noncapital Financing Activities	<u>13,526</u>
Cash Flows from Capital and Related Financing Activities	
Collection of special assessments	<u>9,574</u>
Cash Flows from Investing Activities	
Interest received	<u>3,526</u>
Change in Cash and Cash Equivalents	19,797
Cash and Cash Equivalents - Beginning of Year	<u>551,931</u>
Cash and Cash Equivalents - End of Year	<u>\$ 571,728</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (51,185)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	45,116
Changes in assets and liabilities	
Accounts receivable	(45)
Accounts payable	(715)
Net Cash Used by Operating Activities	<u>\$ (6,829)</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 544,954
Restricted assets	26,774
Total cash and cash equivalents	<u>\$ 571,728</u>

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