

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**



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**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>4</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUND</b>	<b>7</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION –             GOVERNMENTAL FUND</b>	<b>8</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND             BALANCE – GOVERNMENTAL FUND</b>	<b>9</b>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES –             GOVERNMENTAL FUND</b>	<b>10</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND             BALANCE – BUDGET AND ACTUAL – GENERAL FUND</b>	<b>11</b>
<b>STATEMENT OF NET POSITION – PROPRIETARY FUND</b>	<b>12</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET             POSITION – PROPRIETARY FUND</b>	<b>13</b>
<b>STATEMENT OF CASH FLOWS – PROPRIETARY FUND</b>	<b>14</b>
<b>STATEMENT OF NET POSITION – FIDUCIARY FUND</b>	<b>15</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY             FUND</b>	<b>16</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>17</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES –         GENERAL FUND</b>	<b>37</b>
<b>DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES –         GENERAL FUND</b>	<b>38</b>

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

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

<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>39</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>41</b>



## INDEPENDENT AUDITORS' REPORT

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, each major fund, and the aggregate remaining fund information of the Town of Liberty Grove, Door County, Wisconsin (the Town) as of and for the year ended December 31, 2020, 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 auditor considers 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, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Prior- Year Comparative Information***

We have previously audited the Town's 2019 financial statements and we expressed unmodified opinions on the respective financial statements of governmental activities, the business- type activities, each major fund, and the aggregate remaining fund information in our report dated April 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Town of Liberty Grove as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated April 24, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The comparative actual amounts included in the detailed comparison of budget and actual revenues and expenditures – General Fund for the year ended December 31, 2019 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 2019 financial statements. The comparative actual amounts included in the detailed comparison of budget and actual revenues and expenditures – General Fund have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative actual amounts included in the detailed comparison of budget and actual revenues and expenditures – General Fund is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
March 30, 2021

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
<b>ASSETS</b>				
Cash and Investments	\$ 1,109,272	\$ 504,761	\$ 1,614,033	\$ 2,156,516
Receivables:				
Taxes and Special Charges	2,527,762	-	2,527,762	1,825,699
Accounts	40,829	30,030	70,859	58,381
Tower Investment	1,800	-	1,800	7,600
Internal Balances	2,404	(2,404)	-	-
Prepaid Supplies and Items	51,863	-	51,863	91,121
Investment in Joint Venture Fire Department	1,030,446	-	1,030,446	1,096,956
Restricted Assets:				
Cash and Investments	-	58,850	58,850	51,771
Capital Assets, Nondepreciable	3,438,463	8,000	3,446,463	3,380,451
Capital Assets, Depreciable	7,673,811	1,380,076	9,053,887	8,614,691
Total Assets	<u>15,876,650</u>	<u>1,979,313</u>	<u>17,855,963</u>	<u>17,283,186</u>
<b>LIABILITIES</b>				
Accounts Payable	22,321	28,335	50,656	27,910
Accrued and Other Current Liabilities	47,463	-	47,463	38,539
Accrued Interest Payable	16,423	-	16,423	16,941
Unearned Revenues	-	-	-	100
Long-Term Obligations:				
Due Within One Year	301,206	-	301,206	139,408
Due in More Than One Year	1,482,041	-	1,482,041	1,287,485
Total Liabilities	<u>1,869,454</u>	<u>28,335</u>	<u>1,897,789</u>	<u>1,510,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	2,598,955	-	2,598,955	2,401,397
<b>NET POSITION</b>				
Net Investment in Capital Assets	9,825,051	1,386,164	11,211,215	10,205,808
Restricted for Capital Assets	-	58,850	58,850	44,218
Unrestricted	1,583,190	505,964	2,089,154	3,121,380
Total Net Position	<u>\$ 11,408,241</u>	<u>\$ 1,950,978</u>	<u>\$ 13,359,219</u>	<u>\$ 13,371,406</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 599,098	\$ 111,355	\$ -	\$ -
Public Safety	1,060,184	-	-	-
Public Works	1,044,509	5,229	290,912	-
Health And Human Services	11,604	23,176	-	-
Culture And Recreation	165,245	25,089	-	1,959
Conservation And Development	95,615	-	-	-
Interest And Fiscal Charges	57,309	-	-	-
Total Governmental Activities	<u>3,033,564</u>	<u>164,849</u>	<u>290,912</u>	<u>1,959</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	69,179	56,284	-	6,400
Sewer Utility	110,912	84,139	-	-
Total Business-Type Activities	<u>180,091</u>	<u>140,423</u>	<u>-</u>	<u>6,400</u>
Total	<u>\$ 3,213,655</u>	<u>\$ 305,272</u>	<u>\$ 290,912</u>	<u>\$ 8,359</u>

General Revenues:

- Taxes:
  - Property Taxes
  - Other Taxes
- Federal and State Grants and Other Contributions Not Restricted to Specific Functions
- Interest And Investment Earnings
- Miscellaneous
- Total General Revenues

**CHANGE IN NET POSITION**

Net Position - January 1

**NET POSITION - DECEMBER 31**

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			2019
	Governmental Activities	Business-Type Activities	Totals	
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ (487,743)	\$ -	\$ (487,743)	\$ (498,216)
Public Safety	(1,060,184)	-	(1,060,184)	(372,067)
Public Works	(748,368)	-	(748,368)	(700,644)
Health And Human Services	11,572	-	11,572	31,471
Culture And Recreation	(138,197)	-	(138,197)	(33,242)
Conservation And Development	(95,615)	-	(95,615)	(96,532)
Interest And Fiscal Charges	(57,309)	-	(57,309)	(48,248)
Total Governmental Activities	<u>(2,575,844)</u>	<u>-</u>	<u>(2,575,844)</u>	<u>(1,717,478)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	-	(6,495)	(6,495)	(23,725)
Sewer Utility	-	(26,773)	(26,773)	(45,485)
Total Business-Type Activities	<u>-</u>	<u>(33,268)</u>	<u>(33,268)</u>	<u>(69,210)</u>
Total	(2,575,844)	(33,268)	(2,609,112)	(1,786,688)
General Revenues:				
Taxes:				
Property Taxes	2,376,096	20,266	2,396,362	2,357,846
Other Taxes	114,036	-	114,036	108,689
Federal and State Grants and Other Contributions Not Restricted to Specific Functions				
Interest And Investment Earnings	63,159	-	63,159	61,474
Miscellaneous	5,617	6,519	12,136	24,536
Miscellaneous	11,048	184	11,232	54,289
Total General Revenues	<u>2,569,956</u>	<u>26,969</u>	<u>2,596,925</u>	<u>2,606,834</u>
<b>CHANGE IN NET POSITION</b>	(5,888)	(6,299)	(12,187)	820,146
Net Position - January 1	<u>11,414,129</u>	<u>1,957,277</u>	<u>13,371,406</u>	<u>12,551,260</u>
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 11,408,241</u>	<u>\$ 1,950,978</u>	<u>\$ 13,359,219</u>	<u>\$ 13,371,406</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

<b>ASSETS</b>	General Fund	
	2020	2019
Cash and Investments	\$ 1,109,272	\$ 1,671,632
Receivables:		
Taxes and Special Charges	2,527,762	1,825,699
Accounts	40,829	35,404
Tower Investment	1,800	7,600
Due from Other Funds	2,404	-
Prepaid Supplies and Items	51,863	91,121
Total Assets	\$ 3,733,930	\$ 3,631,456
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 22,321	\$ -
Accrued and Other Current Liabilities	47,463	38,539
Due to Other Funds	-	179
Total Liabilities	69,784	38,718
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	2,598,955	2,401,397
Tower Investment Receivable	-	7,100
Total Deferred Inflows of Resources	2,598,955	2,408,497
<b>FUND BALANCES</b>		
Nonspendable	51,863	91,121
Committed	475,304	456,782
Assigned	195,936	168,707
Unassigned	342,088	467,631
Total Fund Balances	1,065,191	1,184,241
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,733,930	\$ 3,631,456

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
RECONCILIATION TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUND  
DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	2020	2019
Total Fund Balances as Shown on Previous Page	\$ 1,065,191	\$ 1,184,241
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.	11,112,274	10,569,766
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	-	7,000
Investment in joint venture related to governmental activities	1,030,446	1,096,956
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and Notes Payable	(1,690,000)	(1,325,000)
Premium on Debt	(74,902)	(84,262)
Compensated Absences	(18,345)	(17,631)
Accrued Interest on Long-Term Obligations	(16,423)	(16,941)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 4)	\$ 11,408,241	\$ 11,414,129

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	General Fund	
	2020	2019
<b>REVENUES</b>		
Taxes	\$ 2,490,132	\$ 2,451,313
Intergovernmental	356,030	385,225
Licenses and Permits	93,263	100,396
Public Charges for Services	56,429	69,770
Intergovernmental Charges for Services	2,826	2,826
Miscellaneous	35,996	39,292
Total Revenues	3,034,676	3,048,822
<b>EXPENDITURES</b>		
Current		
General Government	515,710	605,084
Public Safety	366,078	338,943
Public Works	558,568	498,487
Health and Human Services	11,604	10,355
Culture and Recreation	131,021	107,361
Conservation and Development	95,615	96,532
Debt Service:		
Principal	135,000	175,000
Interest and Fiscal Charges	67,187	40,667
Capital Outlay	1,772,943	2,352,353
Total Expenditures	3,653,726	4,224,782
Excess (Deficiency) of Revenues Under Expenditures	(619,050)	(1,175,960)
<b>OTHER FINANCING SOURCES</b>		
Long-Term Debt Issued	500,000	-
Proceeds from Sale of Capital Assets	-	250
Total Other Financing Sources	500,000	250
<b>NET CHANGE IN FUND BALANCE</b>	(119,050)	(1,175,710)
Fund Balance - January 1	1,184,241	2,359,951
<b>FUND BALANCE - DECEMBER 31</b>	\$ 1,065,191	\$ 1,184,241

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
RECONCILIATION TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	2019
Net Change in Fund Balances as Shown on Previous Page	\$ (119,050)	\$ (1,175,710)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital Assets Reported as Capital Outlay in Governmental Fund Statements	1,010,794	2,201,688
Depreciation Expense Reported in the Statement of Activities	(394,091)	(355,463)
Net Book Value of Disposals	(74,195)	(16,689)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>		
	(7,000)	-
<p>Payments to the Joint Fire District are reported as expenditures in the governmental funds. The Statement of Activities reports the change in the Town's investment in the Fire District at year end. The change in investment increased (decreased) by:</p>		
	(66,510)	43,781
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Long-Term Debt Issued	(500,000)	-
Principal Repaid	135,000	175,000
<p>Some expenses reported 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:</p>		
Accrued Interest on Long-Term Debt	518	(16,941)
Amortization of Premium	9,360	9,360
Compensated Absences	(714)	(1,369)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Pages 5 - 6)	\$ (5,888)	\$ 863,657

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)	2019 Actual
<b>REVENUES</b>				
Taxes	\$ 2,479,938	\$ 2,490,132	\$ 10,194	\$ 2,451,313
Intergovernmental	343,993	356,030	12,037	385,225
Licenses and Permits	58,755	93,263	34,508	100,396
Public Charges for Services	44,745	56,429	11,684	69,770
Intergovernmental Charges for Services	2,000	2,826	826	2,826
Miscellaneous	20,850	35,996	15,146	39,542
Total Revenues	<u>2,950,281</u>	<u>3,034,676</u>	<u>84,395</u>	<u>3,049,072</u>
<b>EXPENDITURES</b>				
Current:				
General Government	522,248	515,710	6,538	605,084
Public Safety	378,450	366,078	12,372	338,943
Public Works	584,552	558,568	25,984	498,487
Health and Human Services	13,157	11,604	1,553	10,355
Culture and Recreation	207,604	131,021	76,583	107,361
Conservation and Development	105,925	95,615	10,310	96,532
Debt Service:				
Principal	188,000	135,000	53,000	175,000
Interest and Fiscal Charges	-	67,187	(67,187)	40,667
Capital Outlay	950,345	1,772,943	(822,598)	2,352,353
Total Expenditures	<u>2,950,281</u>	<u>3,653,726</u>	<u>(703,445)</u>	<u>4,224,782</u>
Excess (Deficiency) of Revenues Under Expenditures	-	(619,050)	(619,050)	(1,175,710)
<b>OTHER FINANCING SOURCES</b>				
Long-Term Debt Issued	-	500,000	500,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(119,050)	(119,050)	(1,175,710)
Fund Balance - January 1	<u>1,184,241</u>	<u>1,184,241</u>	<u>-</u>	<u>2,359,951</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u><u>\$ 1,184,241</u></u>	<u><u>\$ 1,065,191</u></u>	<u><u>\$ (119,050)</u></u>	<u><u>\$ 1,184,241</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 504,761	\$ 484,884
Receivables:		
Customer Accounts	30,030	22,977
Due from Other Funds	-	179
Total Current Assets	<u>534,791</u>	<u>508,040</u>
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Cash and Investments	58,850	51,771
<b>CAPITAL ASSETS</b>		
Nondepreciable	8,000	8,000
Depreciable	<u>1,380,076</u>	<u>1,417,376</u>
Total Capital Assets	<u>1,388,076</u>	<u>1,425,376</u>
 Total Assets	 1,981,717	 1,985,187
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	28,335	27,910
Due to Other Funds	<u>2,404</u>	<u>-</u>
Total Liabilities	30,739	27,910
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,386,164	1,425,376
Restricted for Capital Assets	58,850	51,771
Unrestricted	<u>505,964</u>	<u>480,130</u>
 Total Net Position	 <u>\$ 1,950,978</u>	 <u>\$ 1,957,277</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	Water Utility	Sewer Utility	Totals	
			2020	2019
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 49,678	\$ 83,209	\$ 132,887	\$ 106,727
Other	6,606	930	7,536	7,943
Total Operating Revenues	56,284	84,139	140,423	114,670
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	37,344	82,290	119,634	120,602
Administrative and General	10,066	4,716	14,782	17,740
Depreciation	21,705	23,906	45,611	45,479
Taxes	64	-	64	59
Total Operating Expenses	69,179	110,912	180,091	183,880
<b>OPERATING LOSS</b>	<u>\$ (12,895)</u>	<u>\$ (26,773)</u>	(39,668)	(69,210)
<b>NONOPERATING REVENUES</b>				
General Property Taxes			20,266	15,000
Interest Income			6,519	10,458
Other Nonoperating Revenues			184	241
Total Nonoperating Revenues			26,969	25,699
<b>LOSS BEFORE CONTRIBUTIONS</b>			(12,699)	(43,511)
Capital Contributions			6,400	-
<b>CHANGE IN NET POSITION</b>			(6,299)	(43,511)
Net Position - January 1			1,957,277	2,000,788
<b>NET POSITION - DECEMBER 31</b>			<u>\$ 1,950,978</u>	<u>\$ 1,957,277</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 133,370	\$ 115,222
Cash Paid for Services Provided	<u>(134,055)</u>	<u>(142,786)</u>
Net Cash Used by Operating Activities	(685)	(27,564)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
General Property Taxes	20,266	15,000
Other Nonoperating Revenues	184	241
Due to/from Other Funds	<u>2,583</u>	<u>(179)</u>
Net Cash Provided by Noncapital Financing Activities	23,033	15,062
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	(8,311)	(5,277)
Capital Contributions	<u>6,400</u>	<u>-</u>
Net Cash Flows Used by Capital and Related Financing Activities	(1,911)	(5,277)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>6,519</u>	<u>10,458</u>
<b>CHANGE IN CASH AND INVESTMENTS</b>	26,956	(7,321)
Cash and Investments - January 1	<u>536,655</u>	<u>543,976</u>
<b>CASH AND INVESTMENTS - DECEMBER 31</b>	<u>\$ 563,611</u>	<u>\$ 536,655</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (39,668)	\$ (69,210)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	45,611	45,479
Change In Operating Assets and Liabilities:		
Accounts Receivables	(7,053)	552
Due to Other Funds	-	(29,066)
Accounts Payable	425	24,681
Net Cash Used by Operating Activities	<u>\$ (685)</u>	<u>\$ (27,564)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents In Current Assets	\$ 504,761	\$ 484,884
Cash and Cash Equivalents In Restricted Assets	<u>58,850</u>	<u>51,771</u>
Total Cash and Investments	<u>\$ 563,611</u>	<u>\$ 536,655</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
None		

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	Custodial Fund	
	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 219,239	\$ 1,841,529
<b>LIABILITIES</b>		
Due to Other Governments	219,239	1,841,529
<b>NET POSITION</b>		
Fiduciary Net Position	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

	Custodial Fund	
	2020	2019
<b>ADDITIONS</b>		
Taxes and Special Charges Collected	\$ 3,076,226	\$ 4,850,675
<b>DEDUCTIONS</b>		
Payments to Other Taxing Districts	3,076,226	4,850,675
<b>CHANGE IN NET POSITION</b>	-	-
Net Position - January 1	-	-
<b>NET POSITION - DECEMBER 31</b>	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town of Liberty Grove, Door County, Wisconsin (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

**A. Reporting Entity**

The Town is a municipal corporation governed by an elected five member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the following component unit that is required to be included in the basic financial statements.

Town of Liberty Grove Sanitary District #1

The Town of Liberty Grove Sanitary District #1 (the District) is governed by a five member Town Board of Liberty Grove. Although legally separate from the Town, the District is reported as if it was part of the primary government because the Town Board is serving as their governing body. The District provides water and sanitary services to parts of the Town.

**B. Joint Venture**

Sister Bay/Liberty Grove Joint Fire Department

The Town and the Village of Sister Bay formed a joint fire department in the 1930's to provide for services to its citizens. An intergovernmental agreement was adopted in 2010 to provide for the continuing operation of the joint fire department. The agreement creates a Fire Board composed of three members from the Town and two from Sister Bay Boards. All Fire Board members shall be elected officials of the Town and Village. In accordance with the agreement, the costs of these services are shared by the Town and the Village on a basis of 2/3 of the cost being paid by the Town and 1/3 of the cost being paid by the Village. These percentages are based on the approximate percentage of the assessed property value of the Town and the Village to the total assessed property of each entity combined. During 2020, the Town remitted \$880,047 to the joint fire department. The 2020 payment includes \$500,000 for the Town's share in purchasing of a fire truck. The Town has an equity interest in the net position of the Sister Bay/Liberty Grove Joint Fire Department. At December 31, 2020 the Town's equity interest was \$1,030,446. Complete financial information for Sister Bay/Liberty Grove Joint Fire Department can be obtained from the department office in Sister Bay, Wisconsin.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Joint Venture**

Joint Public Library Facility

The Town and the Village of Sister Bay entered into an agreement on June 12, 2001 for the purpose of constructing and maintaining a building to be used as a joint public library facility. The construction costs and annual building operation and maintenance costs are financed 1/2 by the Town and 1/2 by the Village. The Sister Bay Liberty Grove Library Building Commission is governed by a six member board of commissioners composed of three members from the Town and three members from Sister Bay. During 2020, the Town remitted an operating appropriation of \$35,000 to the joint library facility. The Town accounts for its share of the operations in the general fund. The Town does not have an equity interest in the joint venture. Complete financial statements for the Sister Bay Liberty Grove Library Building Commission can be obtained from the Commission located in Sister Bay, Wisconsin.

The operation of the library is part of the Door County Consolidated Library System in accordance with an agreement with Door County.

**C. Jointly Governed Organization**

Door County Tourism Zone

The Town is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2020, the Town of Liberty Grove received \$110,537 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

**D. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for governmental and proprietary funds. Governmental funds include the general fund. Proprietary funds include the enterprise fund. The Town has no internal service funds. The major individual government fund and major individual enterprise fund are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government.

The Town reports the following major enterprise fund:

Water and Sewer Utility Fund

This fund accounts for the operations of the Town of Liberty Grove Sanitary District #1.

The Town also reports the following fiduciary fund:

Custodial Fund

The custodial fund accounts for property taxes and special charges collected on behalf of other governments.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.



**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus and Basis of Accounting (Continued)**

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 Town's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**2. Property Taxes and Special Charges Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

In addition to its levy, the Town also levies taxes for the Gibraltar School District, Door County, and Northeast Wisconsin Technical College. The Town contracts with Door County to perform the tax collection function.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**3. Accounts Receivable**

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

**4. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

**5. Prepaid items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**6. Prepaid Supplies**

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

Prepaid supplies of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town does not have a formal capitalization policy; as a result the Town has been using a threshold of \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land Improvements	25 - 50 Years	25 - 100 Years
Buildings and Improvements	25 - 40 Years	25 - 40 Years
Machinery and Equipment	10 - 20 Years	3 - 10 Years
Infrastructure	25 - 50 Years	18 -135 Years

**8. Compensated Absences**

It is the Town’s policy to permit employees to accumulate earned but unused sick leave benefits in accordance with employee handbook policy. All sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**9. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**9. Deferred Outflows/Inflows of Resources (Continued)**

Governmental funds may report deferred inflows of resources for unavailable revenues. The Town reports unavailable revenues for tower investment receivable and property taxes levied for subsequent year. The tower investment receivable inflows are recognized as revenues in the government-wide financial statements.

**10 Long-Term Obligations**

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**11. Fund Equity**

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**11. Fund Equity (Continued)**

Governmental Fund Financial Statements (Continued)

- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance.
- **Unassigned Fund Balance.** Amounts that are available for any purpose.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Prior Year Information**

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**NOTE 2 STEWARDSHIP AND COMPLIANCE**

**A. Budgets and Budgetary Accounting**

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

1. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**B. Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Fund and Function	Excess Expenditures
General Fund:	
General Government:	
Board	\$ 13,920
Legal	71
Clerk	43,014
Elections	950
Assessment of Property	1,754
Other General Government	26,239
Public Safety:	
Building Inspection	9,708
Health and Human Services:	
Public Health	248
Debt Service:	
Interest And Fiscal Charges	67,187
Capital Outlay:	
General Government	138,633
Fire Protection	594,397
Highway Equipment	128,493
Parks	11,529

**C. Property Tax Levy Limit**

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2019 budget was 0.58%. The actual limit for the Town for the 2020 budget was 1.03%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$1,892,122 on December 31, 2020 as summarized below:

Deposits with Financial Institutions	<u>\$ 1,892,122</u>
--------------------------------------	---------------------

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and investments	\$ 1,614,033
Restricted Cash and Investments	58,850
Fiduciary Fund Statement of Net Position:	
Cash and investments	<u>219,239</u>
Total	<u>\$ 1,892,122</u>

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

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



**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial Credit Risk

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

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

As of December 31, 2020, \$703,626 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. Uninsured deposits consist primarily of advance tax collections that will be remitted to other local governments in January of 2021. No amounts were collateralized.

**B. Tower Investment Receivable**

In 2015, the Town entered into an agreement with a private entity to lease Town property on which a wireless tower will be constructed. Under the terms of the agreement, the Town will receive monthly lease rental payments in various amounts dependent upon certain conditions.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Tower Investment Receivable (Continued)**

As part of the lease agreement, the Town has provided \$14,000 toward the cost of the tower construction. The Town will own a portion of the tower equal to its initial investment of \$14,000 until the private entity reaches specified number of subscribers. Upon reaching the first level of subscribers, the Town will be repaid \$7,000 of its investment. The remaining \$7,000 will be repaid upon reaching a second level of subscribers.

The Town reached the first level of subscribers during 2017 and \$7,000 was repaid to the Town. During 2020, the Town reached the second level of subscribers and the \$7,000 was repaid. The receivable of \$1,800 represents outstanding base rent since inception.

**C. Restricted Assets**

Restricted assets on December 31, 2020 totaled \$58,850 and consisted of cash and investments held for the following purposes.

Funds	Amount	Purpose
Enterprise:		
Water and Sewer Utility:		
Impact Fees	<u>\$ 58,850</u>	To account for impact fees collected and held by the utility to finance system improvements

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 3,372,451	\$ 66,012	\$ -	\$ 3,438,463
Capital Assets, Depreciable:				
Land Improvements	515,658	-	8,600	507,058
Buildings and Improvements	4,067,511	-	-	4,067,511
Machinery and Equipment	1,521,457	229,314	81,582	1,669,189
Infrastructure	5,398,781	715,468	-	6,114,249
Subtotals	11,503,407	944,782	90,182	12,358,007
Less Accumulated Depreciation for:				
Land Improvements	107,070	12,809	645	119,234
Buildings and Improvements	1,312,392	79,403	-	1,391,795
Machinery and Equipment	1,060,650	48,606	15,342	1,093,914
Infrastructure	1,825,980	253,273	-	2,079,253
Subtotals	4,306,092	394,091	15,987	4,684,196
Total Capital Assets, Being Depreciated, Net	7,197,315	550,691	74,195	7,673,811
Governmental Activities Capital Assets, Net	\$ 10,569,766	\$ 616,703	\$ 74,195	11,112,274
Less: Capital Related Debt				1,190,000
Less: Debt Premium				74,902
Less: Accounts Payable				22,321
Net Investment In Capital Assets				\$ 9,825,051

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Capital Assets, Depreciable:				
Buildings and Improvements	157,883	-	-	157,883
Machinery and Equipment	2,585	-	-	2,585
Infrastructure	2,657,527	8,311	800	2,665,038
Subtotals	2,817,995	8,311	800	2,825,506
Less Accumulated Depreciation	1,400,619	45,611	800	1,445,430
Total Capital Assets, Being Depreciated, Net	1,417,376	(37,300)	-	1,380,076
Business-Type Activities Capital Assets, Net	\$ 1,425,376	\$ (37,300)	\$ -	1,388,076
Less: Accounts Payable				1,912
Net Investment In Capital Assets				\$ 1,386,164

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

Governmental Activities:	
General Government	\$ 18,287
Public Safety	33,199
Public Works	324,014
Culture and Recreation	18,591
Total Depreciation Expense - Governmental Activities	\$ 394,091
Business-Type Activities:	
Water Utility	\$ 21,705
Sewer Utility	23,906
Total Depreciation Expense - Business- Type Activities	\$ 45,611

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Interfund Receivable and Payables**

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2020 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Activities:		
Governmental Fund:		
General	\$ 2,404	\$ -
Proprietary Fund:		
Water and Sewer Utility	-	2,404
Totals	\$ 2,404	\$ 2,404

**F. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Notes	\$ 1,325,000	\$ -	\$ 135,000	\$ 1,190,000	\$ 130,000
Notes from direct borrowings	-	500,000	-	500,000	166,620
Total General Obligation Debt	1,325,000	500,000	135,000	1,690,000	296,620
Debt Premium	84,262	-	9,360	74,902	-
Compensated Absences	17,631	714	-	18,345	4,586
Total Governmental Activities	1,426,893	500,714	144,360	1,783,247	301,206
Long-Term Obligations	\$ 1,426,893	\$ 500,714	\$ 144,360	\$ 1,783,247	\$ 301,206

Total interest paid during the year on long-term debt totaled \$67,187.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General Obligation Notes:					
GO Promissory Note	12/27/18	9/1/28	4.00%	\$ 1,500,000	\$ 1,190,000
GO Promissory Note from Direct Borrowings	2/21/20	9/20/23	3.36%	500,000	500,000
Total Outstanding					1,690,000
General Obligation Debt					\$ 1,690,000

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

General Obligation Debt (Continued)

Principal and interest maturities of the outstanding general obligation debt of \$1,690,000 on December 31, 2020 is detailed below:

Year Ended December 31,	Bonded		Governmental Activities Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 130,000	\$ 47,600	\$ 166,620	\$ 9,925	\$ 296,620
2022	135,000	42,400	167,969	5,632	302,969	48,032
2023	140,000	37,000	165,411	8,476	305,411	45,476
2024	145,000	31,400	-	-	145,000	31,400
2025	150,000	25,600	-	-	150,000	25,600
2026 - 2028	490,000	39,800	-	-	490,000	39,800
Total	\$ 1,190,000	\$ 223,800	\$ 500,000	\$ 24,033	\$ 1,690,000	\$ 247,833

The Town's outstanding notes from direct borrowings related to governmental activities of \$500,000 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2020 was \$47,838,265 as follows:

Equalized Valuation of the Town	\$ 990,565,300
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	49,528,265
Total Outstanding General Obligation Debt Applicable to Debt Limitation	1,690,000
Legal Margin for New Debt	\$ 47,838,265

**G. Fund Equity**

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2020, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Supplies and Items	\$ 51,863

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Fund Equity (Continued)**

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2020, General Fund balance was committed as follows:

General Fund:	
Committed for:	
Capital Reserve	\$ 272,650
Capital Reserve - Parks	60,595
Capital Reserve - Library	5,000
Capital Reserve - Information Technology	105,703
Capital Reserve - Office	1,000
Capital Reserve Fire Equipment	30,356
Total General Fund Committed Fund Balance	<u>\$ 475,304</u>
 Total Committed Fund Balance	 <u>\$ 475,304</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

General Fund:	
Assigned for Subsequent Year's Expenditures	
Parks Committee	\$ 218
Culture and recreation	25,179
Firemen Grant	24,750
Highway/Roads	23,580
Contingency	122,209
Total	<u>\$ 195,936</u>

Net Position

The Town reports restricted net position at December 31, 2019 as follows:

Business-Type Activities:	
Restricted for:	
Impact Fees	<u>\$ 58,850</u>

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 OTHER INFORMATION**

**A. Retirement Commitments**

The Town has a deferred compensation plan for its employees established by Section 457(B) of the IRS code. The Town contributes 5% of salary for each full-time employee. Employees are eligible to increase the total contributions up to the IRS limits. In 2020, the maximum contributions for each employee were \$19,500 or \$39,000 for those employees age 50 or older.

**B. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this coverage in the past three years.

**C. Contingencies**

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel 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.

In December 2015, the Town billed the Village of Sister Bay for the Town's portion of the sale of property and Wisconsin Department of Natural Resources grant money retained by the Village. In 2016, the Town billed the Village of Sister Bay interest on the amount. The amount totaled \$149,211. However, due to the uncertainty of collection, the revenue and corresponding receivable have not been recorded on the Town's general ledger, and the balance is not reflected in the Town's 2020 annual financial report. Any amount the Town collects from the Village will be reflected at the time of collection.

**D. Risks and Uncertainties**

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Town, COVID-19 may impact parts of 2021 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However the full impact of COVID-19 is unknown and cannot be reasonably estimated as of March 30, 2021.



**SUPPLEMENTARY INFORMATION**

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)	2019 Actual
<b>TAXES</b>				
General Property	\$ 2,376,438	\$ 2,376,096	\$ (342)	\$ 2,342,846
Delinquent Personal Property	1,500	-	(1,500)	-
Managed Forest Lands	12,000	3,499	(8,501)	3,977
Private Managed Forest Land	-	-	-	6
Room Tax	90,000	110,537	20,537	104,484
Total Taxes	<u>2,479,938</u>	<u>2,490,132</u>	<u>10,194</u>	<u>2,451,313</u>
<b>INTERGOVERNMENTAL</b>				
State:				
State Shared Taxes	20,951	27,029	6,078	25,457
Fire Insurance Dues	25,500	27,328	1,828	27,574
Tax Exempt Computer Aid	300	7,801	7,501	4,528
Transportation	266,742	266,742	-	242,484
Other Highway Aid	-	20,000	20,000	-
Recycling Grant	4,600	4,170	(430)	4,602
DNR - in Lieu of Taxes	21,000	581	(20,419)	3,606
Municipal Services	-	420	420	309
Forest Croplands	400	-	(400)	222
Other State Payments	4,500	1,959	(2,541)	76,443
Total Intergovernmental	<u>343,993</u>	<u>356,030</u>	<u>12,037</u>	<u>385,225</u>
<b>LICENSES AND PERMITS</b>				
Licenses:				
Liquor and Malt Beverage	10,355	10,415	60	11,366
Dog	200	106	(94)	259
Permits:				
Building	36,000	65,446	29,446	71,429
Franchise Fee - Cable TV	12,000	15,546	3,546	16,652
Other	200	1,750	1,550	690
Total Licenses and Permits	<u>58,755</u>	<u>93,263</u>	<u>34,508</u>	<u>100,396</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government	3,645	7,011	3,366	6,702
Fire	-	-	-	75
Highway	6,100	4,079	(2,021)	3,685
Docks	17,000	24,989	7,989	20,308
Cemetery	18,000	20,350	2,350	39,000
Total Public Charges for Services	<u>44,745</u>	<u>56,429</u>	<u>11,684</u>	<u>69,770</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Recycling	2,000	2,826	826	2,826
Total Intergovernmental Charges for Services	<u>2,000</u>	<u>2,826</u>	<u>826</u>	<u>2,826</u>
<b>MISCELLANEOUS</b>				
Interest on Investments	5,000	5,617	617	14,078
Rent	12,600	20,492	7,892	15,870
Insurance Recoveries	375	-	(375)	-
Donations	-	225	225	-
Refunds	375	1,900	1,525	-
Other	2,500	7,762	5,262	9,594
Total Miscellaneous	<u>20,850</u>	<u>35,996</u>	<u>15,146</u>	<u>39,542</u>
Total Revenues	<u>\$ 2,950,281</u>	<u>\$ 3,034,676</u>	<u>\$ 84,395</u>	<u>\$ 3,049,072</u>

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	Original and Final Budget	Actual	Variance Final Budget - Positive (Negative)	2019 Actual
<b>GENERAL GOVERNMENT</b>				
Board	\$ 49,000	\$ 62,920	\$ (13,920)	\$ 61,971
Legal	11,000	11,071	(71)	15,064
Clerk	13,261	56,275	(43,014)	70,082
Deputy Clerk	69,320	62,585	6,735	48,068
Treasurer	70,060	68,903	1,157	111,403
Office Wages and Expenses	115,457	115,415	42	111,224
Elections	7,500	8,450	(950)	3,138
Assessment of Property	41,850	43,604	(1,754)	41,626
Hall	19,500	18,022	1,478	22,534
Insurance	42,900	36,337	6,563	34,058
Information Technology	77,400	889	76,511	9,876
Other General Government	5,000	31,239	(26,239)	76,040
Total General Government	<u>522,248</u>	<u>515,710</u>	<u>6,538</u>	<u>605,084</u>
<b>PUBLIC SAFETY</b>				
Fire Protection	338,450	316,370	22,080	293,954
Building Inspection	40,000	49,708	(9,708)	44,989
Total Public Safety	<u>378,450</u>	<u>366,078</u>	<u>12,372</u>	<u>338,943</u>
<b>PUBLIC WORKS</b>				
Highway Maintenance	545,752	524,423	21,329	462,637
Street Lighting	13,800	12,977	823	13,347
Recycling	25,000	21,168	3,832	22,503
Total Public Works	<u>584,552</u>	<u>558,568</u>	<u>25,984</u>	<u>498,487</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Animal and Insect Control	250	-	250	85
Cemetery	12,907	11,356	1,551	10,270
Public Health	-	248	(248)	-
Total Health and Human Services	<u>13,157</u>	<u>11,604</u>	<u>1,553</u>	<u>10,355</u>
<b>CULTURE AND RECREATION</b>				
Library	40,000	35,000	5,000	30,000
Parks	158,404	92,808	65,596	71,195
Community Center	9,200	3,213	5,987	6,166
Total Culture and Recreation	<u>207,604</u>	<u>131,021</u>	<u>76,583</u>	<u>107,361</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Economic Development	105,925	95,615	10,310	96,532
<b>DEBT SERVICE</b>				
Principal	188,000	135,000	53,000	175,000
Interest and Fiscal Charges	-	67,187	(67,187)	40,667
Total Debt Service	<u>188,000</u>	<u>202,187</u>	<u>(14,187)</u>	<u>215,667</u>
<b>CAPITAL OUTLAY</b>				
General Government	-	138,633	(138,633)	85,034
Fire Protection	-	594,397	(594,397)	-
Highway Construction	873,595	830,141	43,454	656,879
Highway Equipment	55,000	183,493	(128,493)	158,785
Cemetery	7,000	-	7,000	-
Parks	14,750	26,279	(11,529)	1,451,655
Total Capital Outlay	<u>950,345</u>	<u>1,772,943</u>	<u>(822,598)</u>	<u>2,352,353</u>
Total Expenditures	<u>\$ 2,950,281</u>	<u>\$ 3,653,726</u>	<u>\$ (703,445)</u>	<u>\$ 4,224,782</u>

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



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Town Board  
Town of Liberty Grove  
Door County, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Liberty Grove, Door County, Wisconsin, (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-002 and 2020-003 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Liberty Grove's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
March 30, 2021

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting***

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**2020-001**

**Segregation of Duties - Clerk/Treasurer  
Repeat of Finding 2019-001**

**Type of Finding**

Material Weakness in Internal Control over Financial Reporting.

**Condition**

The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

**Criteria**

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

**Context**

While performing audit procedures, it was noted that management does not have internal controls in place to properly separate financial and recordkeeping duties.

**Cause**

The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations. In addition, the Town has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

**Effect**

Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

**Recommendation**

We recommend the Town perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. We also recommend the Town Board continue to monitor the transactions and the financial records of the Town.

**Management Response**

Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2020-002**

**Preparation of Annual Financial Report  
Repeat of Finding 2019-002**

**Type of Finding**

Significant Deficiency in Internal Control over Financial Reporting.

**Condition**

Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Town contracts with us to compile the Wisconsin Municipal Report Form C and the Public Service Commission Report.

**Criteria**

The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.

**Context**

The Town engages CliftonLarsonAllen, LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the Town's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Town has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Town's activities and operations.

**Cause**

Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**Effect**

The Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.



**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**Recommendation**

We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report, Municipal Financial Report and Public Service Commission Report.

**Management Response**

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2020-003**

**Adjustments to the Town's Financial Records  
Repeat of Finding 2019-003**

**Type of Finding**

Significant Deficiency in Internal Control over Financial Reporting.

**Condition**

As part of our audit, we proposed adjusting journal entries to the Town's financial statements.

**Criteria**

Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

**Context**

While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.

**Cause**

While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

**Effect**

Year-end financial records prepared by the Town may contain material misstatements.

**Recommendation**

We recommend the Town designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

**Management Response**

Management believes the cost for additional staff time and training to record adjusting entries outweighs the benefits to be received. Management will continue to review information reviewed by CliftonLarsonAllen.

**TOWN OF LIBERTY GROVE  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section II – Compliance and Other Matters***

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There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2020.