

Town of Cooperstown
Manitowoc County, Wisconsin

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 31, 2019



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OUTSOURCING
AUDIT, TAX, AND
CONSULTING

Town of Cooperstown Manitowoc County, Wisconsin

DECEMBER 31, 2019

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Independent accountants' review report

To the Town Board
Town of Cooperstown
Manitowoc County, Wisconsin

We have reviewed the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Cooperstown, Manitowoc County, Wisconsin (the "Town") as of December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

ACCOUNTANTS' CONCLUSION

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1.B., during 2019, the Town adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the Town established a custodial fund for taxes and specials collected for other governments. In prior years, these amounts were reported in the general fund. Our conclusions are not modified with respect to this matter.

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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

SUPPLEMENTARY INFORMATION

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin

February 25, 2020

BASIC FINANCIAL STATEMENTS

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

ASSETS

Cash and investments	\$ 282,634
Receivables	
Taxes and special charges	188,794
Accounts	1,256
Inventories	4,702
Capital assets, nondepreciable	55,774
Capital assets, depreciable	<u>697,001</u>
Total assets	<u>1,230,161</u>

LIABILITIES

Accounts payable	41,978
Accrued and other current liabilities	3,176
Accrued interest payable	177
Long-term obligations	
Due within one year	7,503
Due in more than one year	<u>30,665</u>
Total liabilities	<u>83,499</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for subsequent year	<u>301,501</u>
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NET POSITION

Net investment in capital assets	681,255
Unrestricted	<u>163,906</u>
Total net position	<u>\$ 845,161</u>

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

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Totals
GOVERNMENTAL ACTIVITIES				
General government	\$ 47,908	\$ 90	\$ 1,200	\$ (46,618)
Public safety	111,625	8,320	4,444	(98,861)
Public works	339,213	49,062	194,818	(95,333)
Conservation and development	484	350	-	(134)
Interest and fiscal charges	540	-	-	(540)
Total governmental activities	<u>\$ 499,770</u>	<u>\$ 57,822</u>	<u>\$ 200,462</u>	<u>(241,486)</u>
General revenues				
Taxes				
Property taxes				290,729
Other taxes and franchise fees				7,393
Federal and state grants and other contributions not restricted to specific functions				51,047
Interest and investment earnings				743
Miscellaneous				<u>4,626</u>
Total general revenues				<u>359,738</u>
Change in net position				118,252
Net position - January 1				<u>726,909</u>
Net position - December 31				<u>\$ 845,161</u>

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

Town of Cooperstown

Manitowoc County, Wisconsin

**BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2019
"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"**

ASSETS

Cash and investments	\$ 282,634
Receivables	
Taxes and special charges	188,794
Accounts	1,256
Inventories	4,702
	<hr/>
Total assets	<u>\$ 477,386</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Liabilities	
Accounts payable	\$ 41,978
Accrued and other current liabilities	3,176
	<hr/>
Total liabilities	<u>45,154</u>
Deferred inflows of resources	
Property taxes levied for subsequent year	301,501
	<hr/>
Fund balance	
Nonspendable	4,702
Committed	117,770
Unassigned	8,259
	<hr/>
Total fund balance	<u>130,731</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 477,386</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance as shown above	\$ 130,731
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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 fund.	752,775
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes payable	(38,168)
Accrued interest on long-term obligations	(177)
	<hr/>

Net position of governmental activities as reported on the statement of net position (see page 3)	<u>\$ 845,161</u>
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The notes to the basic financial statements are an integral part of this statement.

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

REVENUES

Taxes	\$ 298,122
Intergovernmental	251,509
Licenses and permits	10,285
Fines and forfeits	165
Public charges for services	5,000
Intergovernmental charges for services	44,152
Miscellaneous	9,289
	<hr/>
Total revenues	618,522

EXPENDITURES

Current	
General government	91,072
Public safety	111,625
Public works	253,443
Conservation and development	484
Debt service	
Principal	1,832
Interest and fiscal charges	363
Capital outlay	184,440
	<hr/>
Total expenditures	643,259

Excess of revenues under expenditures	(24,737)
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OTHER FINANCING SOURCES

Long-term debt issued	40,000
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Net change in fund balance	15,263
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Fund balance - January 1	115,468
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Fund balance - December 31	\$ 130,731
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The notes to the basic financial statements are an integral part of this statement.

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2019 "SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balance as shown on previous page \$ 15,263

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 capital outlay in governmental fund statements	184,440
Depreciation expense reported in the statement of activities	(42,606)
Net book value of disposals	(500)

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.

Long-term debt issued	(40,000)
Principal repaid	1,832

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:

Accrued interest on long-term debt	(177)
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Change in net position of governmental activities as reported in the
statement of activities (see page 4)

\$ 118,252

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 290,729	\$ 290,729	\$ 298,122	\$ 7,393
Intergovernmental	248,694	249,894	251,509	1,615
Licenses and permits	5,650	9,150	10,285	1,135
Fines and forfeits	-	-	165	165
Public charges for services	3,500	3,500	5,000	1,500
Intergovernmental charges for services	15,000	31,800	44,152	12,352
Miscellaneous	400	400	9,289	8,889
Total revenues	563,973	585,473	618,522	33,049
EXPENDITURES				
Current				
General government	93,500	92,799	91,072	1,727
Public safety	109,500	113,000	111,625	1,375
Public works	277,973	254,778	253,443	1,335
Conservation and development	3,000	3,000	484	2,516
Debt service				
Principal	-	1,832	1,832	-
Interest and fiscal charges	-	363	363	-
Capital outlay	100,000	185,200	184,440	760
Total expenditures	583,973	650,972	643,259	7,713
Excess of revenues over (under) expenditures	(20,000)	(65,499)	(24,737)	40,762
OTHER FINANCING SOURCES				
Long-term debt issued	-	40,000	40,000	-
Net change in fund balance	(20,000)	(25,499)	15,263	40,762
Fund balance - January 1	115,468	115,468	115,468	-
Fund balance - December 31	\$ 95,468	\$ 89,969	\$ 130,731	\$ 40,762

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

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	<u>\$ 676,693</u>
LIABILITIES	
Due to other governments	<u>\$ 676,693</u>
NET POSITION	
Fiduciary net position - held for others	<u><u>\$ -</u></u>

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

Town of Cooperstown

Manitowoc County, Wisconsin

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019 "SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

	Custodial Fund
ADDITIONS	
Property taxes and special charges collected	\$ 1,316,070
DEDUCTIONS	
Payments to other taxing jurisdictions	1,316,070
Change in net position	-
Net position - December 31	\$ -

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

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Cooperstown, Manitowoc County, Wisconsin (the "Town"), have been prepared in conformity with accounting principles generally accepted in the United States of America (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 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 not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

B. 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. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues are reported. The Town has no business-type activities.

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 the general fund.

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 also reports the following fiduciary fund:

Custodial Fund

The custodial fund accounts for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, *Fiduciary Activities*, they are now recorded in a custodial fund.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

C. 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*. 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.

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.

D. 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.

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 and collects taxes for the Denmark School District, Mishicot School District, Reedsville School District, Manitowoc County, Northeast Wisconsin Technical College and the Lakeshore Technical College.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

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. Inventories

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$2,000 or higher and an estimated useful life in excess of a year. Such 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>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	5 - 20
Vehicles	7
Infrastructure	15 - 30

6. 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 expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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.

8. 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.
- ▶ **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.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

Government-Wide 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. There is no restricted net position on December 31, 2019.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. 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.

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. Prior to December, the Town Clerk 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.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

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, 2019.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2019 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General	
General Government	
Financial Administration	\$ 119

The excess expenditures were funded with favorable variances in other appropriated accounts.

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 1.20%. The actual limit for the Town for the 2020 budget was 0.68%. 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.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts which are 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.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

The carrying amount of the Town's cash and investments totaled \$959,327 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 137
Deposits with financial institutions	959,190
	<u>\$ 959,327</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 282,634
Fiduciary fund statement of net position	
Custodial fund	676,693
	<u>\$ 959,327</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 the related risks.

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. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. 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.

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

"SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT"

As of December 31, 2019, \$307,203 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

B. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 55,774	\$ -	\$ -	\$ 55,774
Construction in progress	13,671	91,191	104,862	-
Total capital assets, nondepreciable	<u>69,445</u>	<u>91,191</u>	<u>104,862</u>	<u>55,774</u>
Capital assets, depreciable:				
Buildings and improvements	71,504	9,400	-	80,904
Machinery and equipment	350,262	45,500	10,000	385,762
Vehicles	20,211	-	-	20,211
Infrastructure	768,188	143,211	-	911,399
Subtotals	<u>1,210,165</u>	<u>198,111</u>	<u>10,000</u>	<u>1,398,276</u>
Less accumulated depreciation for:				
Buildings and improvements	41,759	1,640	-	43,399
Machinery and equipment	310,869	5,156	9,500	306,525
Vehicles	20,211	-	-	20,211
Infrastructure	295,330	35,810	-	331,140
Subtotals	<u>668,169</u>	<u>42,606</u>	<u>9,500</u>	<u>701,275</u>
Total capital assets, depreciable, net	<u>541,996</u>	<u>155,505</u>	<u>500</u>	<u>697,001</u>
Governmental activities capital assets, net	<u>\$ 611,441</u>	<u>\$ 246,696</u>	<u>\$ 105,362</u>	<u>752,775</u>
Less: Capital related debt				(38,168)
Less: Capital related accounts payable				<u>(33,352)</u>
Net investment in capital assets				<u>\$ 681,255</u>

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

Governmental activities	
General government	\$ 2,336
Public works	40,270
Total depreciation expense - governmental activities	<u>\$ 42,606</u>

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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C. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
Direct borrowings					
General obligation notes	\$ -	\$ 40,000	\$ 1,832	\$ 38,168	\$ 7,503

The Town's outstanding general obligation notes from direct borrowings of \$38,168 contain a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

Total interest paid during the year on long-term debt totaled \$363.

General Obligation Debt

General obligation direct borrowings outstanding on December 31, 2019 totaled \$38,168 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General obligation notes	8/14/19	8/1/24	3.55%	\$ 40,000	\$ 38,168

Annual principal and interest maturities of the outstanding general obligation debt of \$38,168 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities	
	Direct borrowings - General Obligation Notes	
	Principal	Interest
2020	\$ 7,503	\$ 1,277
2021	7,781	999
2022	8,065	715
2023	8,359	421
2024	6,460	117
	<u>\$ 38,168</u>	<u>\$ 3,529</u>

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

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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D. LEGAL MARGIN FOR NEW DEBT

The Town's legal margin for creation of additional general obligation debt on December 31, 2019 was \$6,002,342 as follows:

Equalized valuation of the Town	\$ 120,810,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	6,040,510
Net outstanding general obligation debt applicable to debt limitation	38,168
Legal margin for new debt	<u>\$ 6,002,342</u>

E. 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, 2019, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventory	<u>\$ 4,702</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At

December 31, 2019, General Fund balance was committed as follows:

General Fund	
Committed for	
General public building	\$ 500
General government outlay	565
Highway and street outlay	20,000
Highway equipment outlay	12,300
Highway building outlay	870
Subsequent years' budget	<u>83,535</u>
Total committed fund balance	<u>\$ 117,770</u>

Town of Cooperstown

Manitowoc County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE 4: OTHER INFORMATION

A. 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.

B. 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 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.

C. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

SUPPLEMENTARY INFORMATION

Town of Cooperstown

Manitowoc County, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 290,729	\$ 290,729	\$ 290,729	\$ -
Forest crop/MFL taxes	-	-	7,306	7,306
Interest on taxes	-	-	87	87
Total taxes	290,729	290,729	298,122	7,393
Intergovernmental				
State				
State shared taxes	49,864	49,864	49,864	-
Fire insurance dues	4,200	4,200	4,444	244
Tax exempt computer aid	-	-	18	18
Transportation	147,712	147,712	147,712	-
Municipal service aid	-	-	349	349
Forest crop aid	-	-	206	206
Payment in lieu of taxes	600	600	610	10
Election	-	1,200	1,200	-
Recycling	6,000	6,000	6,938	938
County				
Bridge aid	40,318	40,318	40,168	(150)
Total intergovernmental	248,694	249,894	251,509	1,615
Licenses and permits				
Licenses				
Business and occupational	650	650	738	88
Dog	1,000	1,000	917	(83)
Permits				
Building	4,000	7,500	8,155	655
Zoning	-	-	350	350
Other	-	-	125	125
Total licenses and permits	5,650	9,150	10,285	1,135
Fines and forfeits				
Court fines and penalties	-	-	165	165
Public charges for services				
General government	-	-	90	90
Highway	-	-	1,710	1,710
Garbage and recycling	3,500	3,500	3,200	(300)
Total public charges for services	3,500	3,500	5,000	1,500
Intergovernmental charges for services				
Highway	15,000	31,800	44,152	12,352
Miscellaneous				
Interest on investments	400	400	743	343
Donations	-	-	1,840	1,840
Sale of Property and equipment	-	-	5,700	5,700
Other	-	-	1,006	1,006
Total miscellaneous	400	400	9,289	8,889
Total revenues	\$ 563,973	\$ 585,473	\$ 618,522	\$ 33,049

Town of Cooperstown

Manitowoc County, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General government				
Town board	\$ 23,000	\$ 21,000	\$ 20,657	\$ 343
Legal	5,000	1,800	1,709	91
General administration	27,000	23,720	23,097	623
Financial administration	24,000	16,200	16,319	(119)
Town hall	2,000	9,419	9,168	251
Elections	-	2,660	2,209	451
Assessor	-	6,800	6,800	-
Insurance and bonds	12,500	11,200	11,113	87
Total general government	93,500	92,799	91,072	1,727
Public safety				
Constable	1,500	1,500	1,185	315
Inspection	2,000	5,000	4,030	970
Fire department	90,000	90,400	90,342	58
Rescue squad	16,000	16,100	16,068	32
Total public safety	109,500	113,000	111,625	1,375
Public works				
Salaries and wages	-	69,355	69,294	61
Street maintenance	222,973	131,918	131,532	386
Street lighting	3,000	3,000	2,523	477
Garbage collection	32,000	32,000	31,631	369
Recycling	20,000	18,500	18,458	42
Weed and nuisance control	-	5	5	-
Total public works	277,973	254,778	253,443	1,335
Conservation and development				
Planning commission	3,000	3,000	484	2,516
Capital outlay				
General government	-	9,400	9,400	-
Public works	100,000	175,800	175,040	760
Total capital outlay	100,000	185,200	184,440	760
Debt service				
Principal	-	1,832	1,832	-
Interest and fiscal charges	-	363	363	-
Total debt service	-	2,195	2,195	-
Total expenditures	\$ 583,973	\$ 650,972	\$ 643,259	\$ 7,713

