

**TOWN OF WILSON  
SHEBOYGAN COUNTY, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2016**

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
December 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Town Board  
Town of Wilson  
Sheboygan County, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units and the major fund of the Town of Wilson, Wisconsin ("the Town") as of and for the year ended December 31, 2016, 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 of the governmental activities and the major fund in accordance with the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the financial statements of the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of the Town as of December 31, 2016, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash basis of accounting as described in Note A. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of the Town as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities and the general fund are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 26 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

## **Report on Summarized Financial Information**

We have previously audited the Town of Wilson's 2015 financial statements, and our report dated April 14, 2016, expressed unmodified opinions on those respective financial statements of the governmental activities, the aggregate discretely presented component units and the major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Schenk SC*

Certified Public Accountants  
Sheboygan, Wisconsin  
April 14, 2017

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WILSON  
SHEBOYGAN COUNTY, WISCONSIN**

Statement of Net Position

Governmental Activities

December 31, 2016

With summarized financial information as of December 31, 2015

	Governmental Activities		Component Units	
	2016	2015	Sanitary District No. 1	Sanitary District No. 2
<b>ASSETS</b>				
Cash and investments	\$ 3,718,321	\$ 2,850,476	\$ 545,140	\$ 93,850
Receivables				
Accounts	-	-	96,686	-
Special assessments	-	-	26,168	-
Due from other governments	364	-	-	-
Restricted cash and investments	-	-	424,229	-
Other cash and investments	-	-	454,164	118,686
Capital assets, nondepreciable				
Land	-	-	18,107	8,303
Capital assets, depreciable				
Buildings	-	-	10,438	-
Machinery and equipment	-	-	134,247	28,861
Infrastructure	-	-	10,151,027	850,210
Less: Accumulated depreciation	-	-	(3,880,954)	(312,102)
<b>TOTAL ASSETS</b>	<b>3,718,685</b>	<b>2,850,476</b>	<b>7,979,252</b>	<b>787,808</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	34,792	4,678
Other liabilities	-	7,571	-	-
Accrued liabilities	734	-	2,796	-
Due to other governments	3,022,539	2,388,215	-	-
Long-term obligations				
Due within one year	-	-	-	4,278
Due in more than one year	-	-	-	65,913
<b>TOTAL LIABILITIES</b>	<b>3,023,273</b>	<b>2,395,786</b>	<b>37,588</b>	<b>74,869</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes collected for subsequent year	300,752	221,870	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	6,432,865	505,081
Restricted				
Equipment replacement	-	-	424,229	-
Parks	46,187	38,708	-	-
Rammer pond utility district	3,969	2,958	-	-
Unrestricted	344,504	191,154	1,084,570	207,858
<b>TOTAL NET POSITION</b>	<b>\$ 394,660</b>	<b>\$ 232,820</b>	<b>\$ 7,941,664</b>	<b>\$ 712,939</b>

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

**TOWN OF WILSON  
SHEBOYGAN COUNTY, WISCONSIN**

Statement of Activities

For the Year Ended December 31, 2016

With summarized financial information for the year ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 298,105	\$ 83,070	\$ -	\$ -
Public safety	322,863	31,585	14,063	146,286
Public works	318,007	6,428	97,535	-
Health and human services	141	300	-	-
Culture, recreation and education	5,046	965	-	19,380
Conservation and development	5,028	75	-	-
Principal and interest on long-term debt	82,612	-	-	-
<b>Total Governmental Activities</b>	<u>1,031,802</u>	<u>122,423</u>	<u>111,598</u>	<u>165,666</u>
<b>Component Units</b>				
Sanitary District No. 1	548,187	342,219	8,400	9,843
Sanitary District No. 2	79,243	122,411	-	-
<b>Total Component Units</b>	<u>627,430</u>	<u>464,630</u>	<u>8,400</u>	<u>9,843</u>
<b>Total</b>	<u>\$ 1,659,232</u>	<u>\$ 587,053</u>	<u>\$ 119,998</u>	<u>\$ 175,509</u>

General revenues  
 Property taxes, levied for general purposes  
 Other taxes  
 State and federal aids not restricted to specific functions  
 Interest and investment earnings  
 Proceeds of long term debt  
 Miscellaneous  
 Total general revenues

Change in net position  
 Net position - January 1  
 Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities		Component Units	
2016	2015	Sanitary District No. 1	Sanitary District No. 2

\$ (215,035)	\$ (243,476)	\$ -	\$ -
(130,929)	(109,925)	-	-
(214,044)	(345,636)	-	-
159	(3,041)	-	-
15,299	(46,685)	-	-
(4,953)	(1,048)	-	-
(82,612)	(55,626)	-	-
(632,115)	(805,437)	-	-

-	-	(187,725)	-
-	-	-	43,168
-	-	(187,725)	43,168
(632,115)	(805,437)	(187,725)	43,168

650,125	616,013	-	-
7,740	2,111	-	-
98,004	91,008	-	-
1,916	1,222	7,832	97
-	100,000	-	-
36,170	15,120	15,164	-
793,955	825,474	22,996	97

161,840	20,037	(164,729)	43,265
232,820	212,783	8,106,393	669,674
\$ 394,660	\$ 232,820	\$ 7,941,664	\$ 712,939

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Statement of Assets, Liabilities, Deferred Inflows of Resources and Fund Balance -  
General Fund  
December 31, 2016  
With summarized financial information as of December 31, 2015

	2016	2015
<b>ASSETS</b>		
Cash and investments	\$ 3,718,321	\$ 2,850,476
Due from other governments	364	-
<b>TOTAL ASSETS</b>	<b>\$ 3,718,685</b>	<b>\$ 2,850,476</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Other liabilities	\$ -	\$ 7,571
Accrued liabilities	734	-
Due to other governments	3,022,539	2,388,215
<b>Total Liabilities</b>	<b>3,023,273</b>	<b>2,395,786</b>
Deferred inflows of resources		
Property taxes collected for subsequent year	300,752	221,870
Fund Balance		
Restricted		
Parks	46,187	38,708
Rammer pond utility district	3,969	2,958
Committed		
Parks	5,000	-
Fire protection	27,126	27,126
First responders	418	418
Unassigned	311,960	163,610
<b>Total Fund Balance</b>	<b>394,660</b>	<b>232,820</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,718,685</b>	<b>\$ 2,850,476</b>

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

**TOWN OF WILSON  
SHEBOYGAN COUNTY, WISCONSIN**

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -  
Budget and Actual - General Fund

For the Year Ended December 31, 2016

With summarized financial information for the year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Prior Year
	Original	Final			
<b>Revenues Collected</b>					
Taxes	\$ 658,044	\$ 658,044	\$ 657,865	\$ (179)	\$ 618,124
Intergovernmental	220,197	220,197	375,867	155,670	299,227
Licenses and permits	72,650	72,650	82,369	9,719	83,749
Fines, forfeits and penalties	2,400	2,400	3,160	760	1,600
Public charges for services	5,327	5,327	6,927	1,600	4,976
Intergovernmental charges for services	23,891	23,891	23,411	(480)	23,891
Miscellaneous	44,600	44,600	44,043	(557)	19,884
<b>Total Revenues Collected</b>	<b>1,027,109</b>	<b>1,027,109</b>	<b>1,193,642</b>	<b>166,533</b>	<b>1,051,451</b>
<b>Expenditures Paid</b>					
General government	320,867	320,867	291,515	29,352	302,564
Public safety	180,893	180,893	167,409	13,484	154,513
Public works	362,383	362,383	297,291	65,092	267,335
Health and human services	1,200	1,200	141	1,059	3,041
Culture, recreation and education	3,850	3,850	4,763	(913)	10,625
Conservation and development	4,300	4,300	5,028	(728)	1,123
Debt service					
Principal	82,734	82,734	69,094	13,640	40,865
Interest	-	-	13,518	(13,518)	14,761
Capital outlay	204,000	204,000	183,043	20,957	336,587
<b>Total Expenditures Paid</b>	<b>1,160,227</b>	<b>1,160,227</b>	<b>1,031,802</b>	<b>128,425</b>	<b>1,131,414</b>
<b>Deficiency of Revenues Collected Over (Under) Expenditures Paid</b>	<b>(133,118)</b>	<b>(133,118)</b>	<b>161,840</b>	<b>294,958</b>	<b>(79,963)</b>
<b>Other Financing Sources</b>					
Long term debt issued	150,000	150,000	-	(150,000)	100,000
<b>Net Change in Fund Balance</b>	<b>16,882</b>	<b>16,882</b>	<b>161,840</b>	<b>144,958</b>	<b>20,037</b>
<b>Fund Balance - January 1</b>	<b>232,820</b>	<b>232,820</b>	<b>232,820</b>	<b>-</b>	<b>212,783</b>
<b>Fund Balance - December 31</b>	<b>\$ 249,702</b>	<b>\$ 249,702</b>	<b>\$ 394,660</b>	<b>\$ 144,958</b>	<b>\$ 232,820</b>

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

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the governmental activities and the major fund of the Town of Wilson, Sheboygan County, Wisconsin ("the Town"), have been prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting assets, liabilities, deferred outflows/inflows of resources, net position/fund balance, revenues, and expenditures/expenses are recognized when they result from cash transactions. The financial statements of the discretely presented component units have been prepared in conformity with 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:

1. Reporting Entity

The Town of Wilson 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 identified the following component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Town of Wilson Sanitary District No. 1

The Town of Wilson Sanitary District No. 1 is located within the Town of Wilson in Sheboygan County, Wisconsin. The District is created under Wisconsin Statute Chapter 60 in 1987. The District provides sewer service to properties within its boundaries and is managed by a commission which establishes rates and service rules for its sewer service. Wastewater is treated under contract by the City of Sheboygan.

Town of Wilson Sanitary District No. 2

The Town of Wilson Sanitary District No. 2 is located within the Town of Wilson in Sheboygan County, Wisconsin. The District is created under Wisconsin Statute Chapter 60 in 1988. The District provides sewer service to properties within its boundaries and is managed by a commission which establishes rates and service rules for its sewer service. Wastewater is treated under contract by the City of Sheboygan.

2. 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*, are primarily supported by taxes and intergovernmental revenues. The Town reports 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 governmental funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town reports the following major governmental fund:

**GENERAL FUND**

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

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

The accounting and financial reporting treatment is determined by its measurement focus. The government-wide and general fund financial statements of the Town are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the financial statements. Operating statements of this fund present increases (i.e., revenues and other financing sources received) and decreases (i.e., expenditures and other financing uses paid) in net current assets.

The cash basis of accounting is used by the governmental activities and the general fund. This basis recognizes assets, liabilities, deferred outflows/inflows of resources, net position/fund balance, revenues, and expenditures when they result from cash transactions with no provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

Amounts reported as *program cash receipts* 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.

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.

The Town of Wilson Sanitary District No. 1 and No. 2 discretely presented component units are reported on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources associated with the operation are included on the Statement of Net Position. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The accrual basis of accounting is utilized by Town of Wilson Sanitary District No. 1 and No. 2. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid enterprise fund service receivables are recorded at year-end. All capital assets are capitalized at historical cost and depreciated over their useful lives.

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

**a. 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.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently does not have any items that qualify for reporting in this category in the statement of net position under the cash basis of accounting.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied.

c. Long-term Obligations

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. Because the Town uses the cash basis of accounting, principal payments are reported as expenses in the statement of activities and no liability is reported on the statement of net position.

d. Pensions

Under the cash basis of accounting, the Town recognizes pension costs when funded rather than as employment services are provided; however, pension disclosures required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, are included in Note C.6 and as required supplementary information.

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

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. 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 Board. These constraints can only be removed or changed by the 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 adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

5. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE B - STEWARDSHIP AND COMPLIANCE**

Budgets and Budgetary Accounting

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

- a. During November, the Town Board and officials prepare 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.
- b. Budgets are adopted on a basis of cash receipts and cash disbursements 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.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
- e. 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, 2016.

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The Town maintains various cash and investment accounts. 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 \$3,718,321 on December 31, 2016 as summarized below:

Cash on hand	\$	426
Deposits with financial institutions		3,697,335
Investments		
Wisconsin Local Government Investment Pool		20,560
		\$ 3,718,321

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

The carrying amount of the Town of Wilson Sanitary District No. 1's cash and investments totaled \$1,423,533 on December 31, 2016 as summarized below:

Cash on hand	\$ 200
Deposits with financial institutions	329,235
Investments	
Wisconsin Local Government Investment Pool	1,094,098
	\$ 1,423,533

Reconciliation to the Statement of Net Position:

Cash and investments	\$ 545,140
Restricted cash and investments	424,229
Other cash and investments	454,164
	\$ 1,423,533

Sanitary District No. 1's restricted cash and investments consisted of cash and investments held for equipment replacement and other cash and investments reflect amounts designated by the District Commissioners to be used for future equipment replacement or expansion.

The carrying amount of the Town of Wilson Sanitary District No. 2's cash and investments consisted entirely of deposits with financial institutions and totaled \$212,536 on December 31, 2016 as summarized below:

Cash and investments	\$ 93,850
Other cash and investments	118,686
	\$ 212,536

Sanitary District No. 2's other cash and investments reflect amounts designated by the District Commissioners to be used for future equipment replacement or expansion.

Fair Value Measurements

The Town of Wilson and Sanitary District No. 1 and No. 2 implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The Town of Wilson and Sanitary District No. 1 and No. 2 categorize their 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 of Wilson and Sanitary District No. 1 and No. 2 currently do not have any 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 risk.

Deposits with Financial Institutions

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 Town does not have an additional custodial credit risk policy.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

The portion of deposits with financial institutions in excess of federal and state depository insurance limits on December 31, 2016 is summarized below:

Town	Sanitary District No. 1	Sanitary District No. 2	Total
\$ 1,434,898	\$ -	\$ -	\$ 1,434,898

A financial institution of the Town has pledged collateral in the amount of \$4,240,000, which exceeds the deposits in excess of federal and state depository insurance limits in the financial institution.

Investments

The Town has investments in the Wisconsin local government investment pool of \$20,560 at year-end. In addition, Sanitary District No. 1 has investments in the Wisconsin local government investment pool of \$1,094,098 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Town does not have an additional credit risk policy. The Town's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. 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 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.

The Town bills its own property taxes and also levies taxes for the Sheboygan Area School District, Sheboygan Falls School District, Kohler School District, Oostburg School District, Sheboygan County, Lakeshore Technical College and the State of Wisconsin.

3. Capital Assets

Capital asset activity for the Town of Wilson Sanitary District No. 1 (component unit) for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 18,107	\$ -	\$ -	\$ 18,107
Capital assets, depreciable:				
Buildings	10,438	-	-	10,438
Pump stations	1,258,575	-	-	1,258,575
Collecting sewers	8,349,910	-	49,320	8,300,590
Force mains	647,570	-	-	647,570
Meters	7,193	-	-	7,193
Generators	33,668	-	-	33,668
Miscellaneous equipment	18,666	5,525	-	24,191
Office equipment	14,157	-	670	13,487
Subtotals	10,340,177	5,525	49,990	10,295,712
Less accumulated depreciation	3,730,215	174,699	23,960	3,880,954
Total capital assets, depreciable, net	6,609,962	(169,174)	26,030	6,414,758
Total capital assets, net	\$ 6,628,069	\$ (169,174)	\$ 26,030	\$ 6,432,865

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Capital asset activity for the Town of Wilson Sanitary District No. 2 (component unit) for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 8,303	\$ -	\$ -	\$ 8,303
Capital assets, depreciable:				
Generators	28,861	-	-	28,861
Pump stations	138,410	12,807	-	151,217
Collecting sewers and mains	698,993	-	-	698,993
Subtotals	866,264	12,807	-	879,071
Less accumulated depreciation	292,796	19,306	-	312,102
Total capital assets, depreciable, net	573,468	(6,499)	-	566,969
Total capital assets, net	\$ 581,771	\$ (6,499)	\$ -	575,272
Less related long-term debt outstanding				70,191
Net investment in capital assets				<u>\$ 505,081</u>

4. Long-term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2016:

Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
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**Primary Government**

General Obligation Debt

Note payable	\$ 100,000	\$ -	\$ 25,000	\$ 75,000	\$ 25,000
Capital lease	143,011	-	44,094	98,917	47,579
	<u>\$ 243,011</u>	<u>\$ -</u>	<u>\$ 69,094</u>	<u>\$ 173,917</u>	<u>\$ 72,579</u>

Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
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**Sanitary District No. 2**

Advance from City of Sheboygan	\$ 74,368	\$ -	\$ 4,177	\$ 70,191	\$ 4,278
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**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Total interest paid during the year on long-term debt totaled \$15,253 as summarized below:

Town	Sanitary District No. 1	Sanitary District No. 2	Total
\$ 13,518	\$ -	\$ 1,735	\$ 15,253

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

\$100,000 issued on 11/30/2015; \$25,000 due annually through 2019;  
interest at 2.75% \$ 75,000

Annual principal and interest maturities of the general obligation debt of \$75,000 on December 31, 2016 are detailed below:

Year Ended December 31	Principal	Interest	Total
2017	\$ 25,000	\$ 2,005	\$ 27,005
2018	25,000	1,318	26,318
2019	25,000	630	25,630
	<u>\$ 75,000</u>	<u>\$ 3,953</u>	<u>\$ 78,953</u>

Capital Lease Payments

Annual principal and interest maturities of the outstanding capital lease payments of \$98,917 on December 31, 2016 are payable by the general fund as shown below:

Year Ended December 31	Principal	Interest	Total
2017	\$ 47,579	\$ 7,818	\$ 55,397
2018	51,338	4,058	55,396
	<u>\$ 98,917</u>	<u>\$ 11,876</u>	<u>\$ 110,793</u>

Advance from the City of Sheboygan

The Town of Wilson Sanitary District No. 2 has the following advance outstanding from the City of Sheboygan:

\$90,122 issued on 11/29/11 to finance capital improvements; principal of  
\$4,278 - \$5,823 due annually through 2030 plus interest at 2.4% \$ 70,191

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the above outstanding advance of \$70,191 on December 31, 2016 are detailed below:

Year Ended December 31	Principal	Interest	Total
2017	\$ 4,278	\$ 1,633	\$ 5,911
2018	4,380	1,529	5,909
2019	4,486	1,423	5,909
2020	4,593	1,314	5,907
2021	4,703	1,202	5,905
2022-2026	25,266	4,243	29,509
2027-2030	22,485	1,095	23,580
	<u>\$ 70,191</u>	<u>\$ 12,439</u>	<u>\$ 82,630</u>

Legal Margin for New Debt

As separate legal entities under the Wisconsin Statutes, the Town and its sanitary districts each have separate legal margins for creation of additional general obligation debt. As of December 31, 2016, the legal margin for creation of additional general obligation debt for each entity is as follows:

	Town	Sanitary District No. 1	Sanitary District No. 2
Equalized valuation	\$ 375,337,300	\$ 260,825,899	\$ 15,108,038
Statutory limitation percentage	(x) 5%	(x) 5%	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	18,766,865	13,041,295	755,402
Less: outstanding general obligation debt applicable to debt limitation	(75,000)	-	-
Legal Margin for New Debt	<u>\$ 18,691,865</u>	<u>\$ 13,041,295</u>	<u>\$ 755,402</u>

5. Fund Equity

The Town has adopted a policy that unassigned general fund balance be maintained at a minimum of 20% of actual current year general fund expenditures, not including capital outlay. The minimum fund balance amount is calculated as follows:

Actual 2016 general fund expenditures	\$ 848,759
Minimum fund balance %	20%
Minimum fund balance amount	<u>\$ 169,752</u>

The Town's unassigned general fund balance of \$311,960 is currently above the minimum fund balance amount.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Pension Plan

a. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$9,801 in contributions from the Town.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported a liability of \$16,099 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Town's proportion was 0.00099074%, which was a decrease of 0.00002231% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of \$19,928.

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,723	\$ 33,880
Changes in assumptions	11,264	-
Net differences between projected and actual earnings on pension plan investments	65,915	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,916	-
Employer contributions subsequent to the measurement date	8,215	-
<b>Total</b>	<b>\$ 90,033</b>	<b>\$ 33,880</b>

\$8,215 was reported as deferred outflows related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 21,264	\$ 8,199
2017	21,264	8,199
2018	21,264	8,199
2019	17,637	8,199
2020	389	1,084
<b>Total</b>	<b>\$ 81,818</b>	<b>\$ 33,880</b>

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

*Single Discount Rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Town's proportionate share of the net pension liability (asset)	\$ 112,921	\$ 16,099	\$ (59,520)

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

f. Payable to the WRS

At December 31, 2016 the Town did not report a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

**NOTE D - OTHER INFORMATION**

1. Risk Management

The Town has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or distribution of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the Town.

2. Contingent Liabilities

From time to time, the Town is party to 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.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2016

**NOTE D - OTHER INFORMATION (Continued)**

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, Towns, towns and counties. For the 2016 and 2017 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2016 budget was 0.70%. The actual limit for the Town for the 2017 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WILSON, WISCONSIN**  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00101305%	\$ (24,883)	\$ 137,691	18.07%	102.74%
12/31/16	0.00099074%	16,099	143,286	11.24%	98.20%

Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 9,766	\$ 9,766	\$ -	\$ 137,691	7.09%
12/31/16	9,801	9,801	-	143,286	6.84%

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

There were no changes of benefit terms for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Detailed Schedule of General Fund Revenues Collected  
For the Year Ended December 31, 2016  
With summarized financial information for the year ended December 31, 2015

	2016	2015
<b>Taxes</b>		
Property taxes	\$ 650,125	\$ 616,013
Forest crop and managed forest land taxes	340	341
Room tax	7,400	1,770
<b>Total Taxes</b>	<u>657,865</u>	<u>618,124</u>
<b>Intergovernmental</b>		
Federal aid	146,286	-
State aid		
Shared taxes	94,520	87,635
Fire insurance	14,063	12,375
Exempt computer aid	1,120	1,110
Transportation aid	87,111	87,111
Recycling grant	10,424	11,016
Aids in lieu of taxes	2,149	2,201
Forest croplands	215	62
County Stewardship grant	19,380	20,222
Other state payments	599	495
County aid		
Bridge aid	-	77,000
<b>Total Intergovernmental</b>	<u>375,867</u>	<u>299,227</u>
<b>Licenses and Permits</b>		
Business and occupational licenses	49,384	50,220
Dog licenses	2,820	1,736
Building permits & fees	24,837	19,250
Zoning permits & fees	800	12,468
Other permits and fees	4,528	75
<b>Total Licenses and Permits</b>	<u>82,369</u>	<u>83,749</u>
<b>Fines, Forfeits and Penalties</b>		
Law and ordinance violations	<u>3,160</u>	<u>1,600</u>
<b>Public Charges for Services</b>		
General government	1,739	1,285
Fire	3,010	395
Garbage	153	257
Culture and recreation	965	1,485
Conservation and development	75	75
Street lighting	685	1,479
Cemetery	300	-
<b>Total Public Charges for Services</b>	<u>6,927</u>	<u>4,976</u>
<b>Intergovernmental Charges for Services</b>		
General government	<u>23,411</u>	<u>23,981</u>
<b>Miscellaneous</b>		
Interest	1,916	1,222
Rent	3,514	3,354
Sale of property	-	1,515
Insurance recoveries	11,190	-
Donations	18,450	7,975
Refund of expenditures	5,957	3,249
Miscellaneous	3,016	2,479
<b>Total Miscellaneous</b>	<u>44,043</u>	<u>19,794</u>
<b>Total Revenues Collected</b>	<u>\$ 1,193,642</u>	<u>\$ 1,051,451</u>

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Detailed Schedule of General Fund Expenditures Paid  
For the Year Ended December 31, 2016  
With summarized financial information for the year ended December 31, 2015

	2016	2015
<b>General Government</b>		
Board	\$ 40,104	\$ 40,600
Legal	23,281	40,838
Clerk	60,640	73,757
Treasurer	63,179	51,613
Elections	11,158	3,631
Assessor	26,970	26,854
Accounting and audit	20,070	19,936
Technical Items	11,536	-
Town hall	4,497	7,990
Insurance	21,952	25,530
Other general government	8,128	11,815
<b>Total General Government</b>	<b>291,515</b>	<b>302,564</b>
<b>Public Safety</b>		
Constables	2,239	4,717
Fire protection	112,441	103,950
First responders	37,031	34,950
Building inspection	13,604	9,082
Electric inspection	2,094	1,814
<b>Total Public Safety</b>	<b>167,409</b>	<b>154,513</b>
<b>Public Works</b>		
Highway maintenance	110,509	101,407
Contracted services	70,856	47,247
Street lighting	528	521
Street light - Rammer Pond	699	1,330
Municipal building	24,320	11,397
Solid waste disposal	52,749	55,515
Recycling	37,630	49,918
<b>Total Public Works</b>	<b>297,291</b>	<b>267,335</b>
<b>Health and Human Services</b>		
Cemetery	141	3,041
<b>Culture, Recreation and Education</b>		
Parks	4,763	10,625
<b>Conservation and Development</b>		
Planning and zoning	634	897
Board of Appeals	125	226
Other	4,269	-
<b>Total Conservation and Development</b>	<b>5,028</b>	<b>1,123</b>
<b>Debt Service</b>		
Principal	69,094	40,865
Interest	13,518	14,761
<b>Total Debt Service</b>	<b>82,612</b>	<b>55,626</b>
<b>Capital Outlay</b>		
General government	6,590	12,612
Fire protection	153,799	-
Street improvements	6,648	257,922
Storm water management	14,068	8,286
Parks	283	57,767
Constable	1,655	-
<b>Total Capital Outlay</b>	<b>183,043</b>	<b>336,587</b>
<b>Total Expenditures Paid</b>	<b>\$ 1,031,802</b>	<b>\$ 1,131,414</b>

**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**

To the Town Board  
Town of Wilson  
Sheboygan 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 aggregate discretely presented component units, and the major fund of the Town of Wilson, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Wilson, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated April 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Wilson, Wisconsin's internal control over financial reporting (internal control) to determine 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 of Wilson, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilson, Wisconsin's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and responses as items 2016-001 and 2016-002 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Wilson, Wisconsin'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 determination of financial statement amounts. 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 Wilson, Wisconsin's Response to Findings**

The Town of Wilson, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Wilson, Wisconsin'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 Town of Wilson, Wisconsin'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 of Wilson, Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*S chenk SL*

Certified Public Accountants  
Sheboygan, Wisconsin  
April 14, 2017

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
 Schedule of Findings and Responses  
 For the Year Ended December 31, 2016

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

Finding No.	Control Deficiencies
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**2016-001      Segregation of Duties**

Repeat of finding 2014-001

**Condition:** The Town has a limited number of employees to essentially complete all financial and recordkeeping duties of the Town. 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.

**Cause:** The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.

**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 that Management and the Town Board continue to monitor the transactions and the financial records of the Town.

**Management Response:** Management and the Board are conscious of the condition and will continue to monitor the transactions and financial records of the Town. Management and the Board believe that the additional cost of further segregating cash receipts, disbursement and general ledger maintenance responsibilities outweigh the benefits to be received. The Town Board continues to be aware of this condition and monitor the financial reporting of the Town.

**TOWN OF WILSON**  
**SHEBOYGAN COUNTY, WISCONSIN**  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2016

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

Finding No.	Control Deficiencies
<b>2016-002</b>	<p><b>Preparation of Annual Financial Report</b></p> <p>Repeat of finding 2014-002</p> <p><b>Condition:</b> 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 Schenck SC and our knowledge of applicable accounting principles, financial statement formats, 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 Financial Report Form CT.</p> <p><b>Criteria:</b> The preparation and review of the annual financial report and municipal financial 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.</p> <p><b>Cause:</b> 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.</p> <p><b>Effect:</b> Without our involvement, 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.</p> <p><b>Recommendation:</b> 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 and municipal financial report.</p> <p><b>Management Response:</b> Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will continue to review the financial statements prior to issuance.</p>

**Section II - Compliance and Other Matters**

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, 2016.