Town of Gibraltar
Door County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

Town of Gibraltar
Door County, Wisconsin

DECEMBER 31, 2018

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CliftonLarsonAllen LLP
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Independent auditors' report

To the Town Board
Town of Gibraltar
Door County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gibraltar, Door County, Wisconsin (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2.G to the financial statements, the Town adopted new accounting guidance, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 and other postemployment benefits on pages 34 and 35 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 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.

Prior Year Summarized Financial information

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated April 12, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information from which the prior year financial information was derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
March 15, 2019

BASIC FINANCIAL STATEMENTS

Town of Gibraltar
Door County, Wisconsin

STATEMENT OF NET POSITION
DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2017

	Governmental Activities	
	2018	2017
ASSETS		
Cash and investments	$ 2,781,227	$ 3,748,736
Receivables		
Taxes and special charges	6,265,825	5,646,790
Delinquent taxes	2,237	2,411
Other	13,598	9,857
Due from other governments	706	1,866
Inventories	55,296	22,252
Restricted assets		
Cash and investments	110,577	45,054
Net pension asset	52,957	-
Capital assets, nondepreciable	4,778,523	3,896,917
Capital assets, depreciable	6,937,937	7,281,490
Total assets	20,998,883	20,655,373
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	103,146	105,788
Other postemployment related amounts	4,060	-
Total deferred outflows of resources	107,206	105,788
LIABILITIES		
Accounts payable	25,618	129,843
Accrued and other current liabilities	11,355	13,852
Due to other governments	5,886,884	5,789,922
Accrued interest payable	5,412	-
Special deposits	30,815	30,015
Unearned revenues	5,970	53,871
Long-term obligations		
Due within one year	470,134	457,217
Due in more than one year	4,043,346	4,664,544
Net pension liability	-	13,402
Other postemployment benefits	13,812	-
Total liabilities	10,493,346	11,152,666
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for subsequent year	2,184,437	1,897,576
Pension related amounts	107,990	46,386
Other postemployment related amounts	195	-
Total deferred inflows of resources	2,292,622	1,943,962
NET POSITION		
Net investment in capital assets	7,202,980	6,056,646
Restricted	163,534	45,054
Unrestricted	953,607	1,562,833
Total net position	$ 8,320,121	$ 7,664,533

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

Town of Gibraltar
Door County, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 483,761	$ 58,769	$ 1,918	$ -
Public safety	503,954	40,939	22,343	-
Public works	738,969	83,275	147,949	73,792
Health and human services	4,323	7,595	-	-
Culture and recreation	429,768	404,723	10,000	-
Conservation and development	110,600	-	-	-
Interest and fiscal charges	102,080	-	-	-
Total governmental activities	$ 2,373,455	$ 595,301	$ 182,210	$ 73,792
	General revenues			
	Taxes			
	Property taxes			
	Other taxes			
	Federal and state grants and other contributions not restricted to specific functions			
	Interest and investment earnings			
	Miscellaneous			
	Gain on sale of asset			
	Total general revenues			
	Change in net position			
	Net position - January 1, as originally reported			
	Cumulative effect for change in accounting principle			
	Net position - January 1, as adjusted			
	Net position - December 31			

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

Totals	
2018	2017
$ (423,074)	$ (345,692)
(440,672)	(462,619)
(433,953)	(746,120)
3,272	8,936
(15,045)	(52,281)
(110,600)	(82,492)
(102,080)	(147,730)
(1,522,152)	(1,827,998)
1,904,570	1,842,360
221,877	210,609
34,016	35,137
-	-
17,515	9,442
7,949	2,610
-	4,952
2,185,927	2,105,110
663,775	277,112
7,664,533	7,387,421
(8,187)	-
7,656,346	7,387,421
$ 8,320,121	$ 7,664,533

Town of Gibraltar
Door County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	General	Capital Projects	Nonmajor Airport	Totals 2018	Totals 2017
ASSETS					
Cash and investments	$ 2,092,404	$ 673,009	$ 15,814	$ 2,781,227	$ 3,748,736
Restricted cash and investments	110,577	-	-	110,577	45,054
Receivables					
Taxes and special charges	6,265,825	-	-	6,265,825	5,646,790
Delinquent taxes	2,237	-	-	2,237	2,411
Accounts	-	-	180	180	-
Other	13,418	-	-	13,418	9,857
Due from other funds	13,970	-	-	13,970	10,897
Due from other governments	-	-	706	706	1,866
Inventories	24,624	-	30,672	55,296	22,252
Total assets	$ 8,523,055	$ 673,009	$ 47,372	$ 9,243,436	$ 9,487,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 24,947	$ -	$ 671	$ 25,618	$ 129,843
Accrued and other current liabilities	11,355	-	-	11,355	13,852
Due to other funds	-	-	13,970	13,970	10,897
Due to other governments	5,874,121	-	12,763	5,886,884	5,789,922
Special deposits	30,815	-	-	30,815	30,015
Unearned revenues	5,970	-	-	5,970	53,871
Total liabilities	5,947,208	-	27,404	5,974,612	6,028,400
Deferred inflows of resources					
Property taxes levied for subsequent year	2,184,437	-	-	2,184,437	1,897,576
Fund balances					
Nonspendable	24,624	-	30,672	55,296	22,252
Restricted	110,577	-	-	110,577	45,054
Committed	5,426	673,009	-	678,435	985,031
Assigned	97,900	-	-	97,900	74,755
Unassigned	152,883	-	(10,704)	142,179	434,795
Total fund balances	391,410	673,009	19,968	1,084,387	1,561,887
Total liabilities, deferred inflows of resources, and fund balances	$ 8,523,055	$ 673,009	$ 47,372	$ 9,243,436	$ 9,487,863

Town of Gibraltar
Door County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

RECONCILIATION TO THE STATEMENT OF NET POSITION	2018	2017
Total fund balances as shown on previous page	$ 1,084,387	$ 1,561,887
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	11,716,460	11,178,407
Long-term assets are not considered available; therefore, are not reported in the funds:		
Net pension asset	52,957	-
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	103,146	105,788
Deferred inflows related to pensions	(107,990)	(46,386)
Deferred outflows related to other postemployment benefits	4,060	-
Deferred inflows related to other postemployment benefits	(195)	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	(4,513,480)	(5,121,761)
Net pension liability	-	(13,402)
Other postemployment benefit	(13,812)	-
Accrued interest on long-term obligations	(5,412)	-
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	$ 8,320,121	$ 7,664,533

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

Town of Gibraltar
Door County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

			Nonmajor	Totals	
	General	Capital Projects	Airport	2018	2017
REVENUES					
Taxes	$ 2,126,447	$ -	$ -	$ 2,126,447	$ 2,052,969
Intergovernmental	276,199	-	-	276,199	166,227
Licenses and permits	63,214	-	-	63,214	60,008
Fines and forfeits	2,818	-	-	2,818	2,299
Public charges for services	418,765	-	81,992	500,757	447,580
Intergovernmental charges for services	1,269	-	-	1,269	2,570
Miscellaneous	59,160	6,698	668	66,526	56,586
Total revenues	2,947,872	6,698	82,660	3,037,230	2,788,239
EXPENDITURES					
Current					
General government	448,163	-	-	448,163	360,089
Public safety	373,706	-	-	373,706	391,226
Public works	1,024,537	-	79,418	1,103,955	729,480
Health and human services	4,223	-	-	4,223	6,567
Culture and recreation	375,743	-	-	375,743	334,200
Conservation and development	110,600	-	-	110,600	143,198
Debt service					
Principal	608,281	-	-	608,281	534,391
Interest and fiscal charges	96,668	-	-	96,668	147,730
Capital outlay	393,391	-	-	393,391	216,376
Total expenditures	3,435,312	-	79,418	3,514,730	2,863,257
Excess of revenues over (under) expenditures	(487,440)	6,698	3,242	(477,500)	(75,018)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	206,413
Proceeds from sale of capital assets	-	-	-	-	5,160
Transfers in	300,011	-	-	300,011	102,468
Transfers out	-	(300,011)	-	(300,011)	(102,468)
Total other financing sources (uses)	300,011	(300,011)	-	-	211,573
Net change in fund balances	(187,429)	(293,313)	3,242	(477,500)	136,555
Fund balances - January 1	578,839	966,322	16,726	1,561,887	1,425,332
Fund balances - December 31	$ 391,410	$ 673,009	$ 19,968	$ 1,084,387	$ 1,561,887

Town of Gibraltar, Wisconsin
Door County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

RECONCILIATION TO THE STATEMENT OF ACTIVITIES	2018	2017
Net change in fund balances as shown on previous page	$ (477,500)	$ 136,555
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	947,870	216,376
Depreciation expense reported in the statement of activities	(409,817)	(390,627)
Net book value of disposals	-	(208)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of notes 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	-	(206,413)
Principal repaid	608,281	534,391
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	(5,412)	-
Net pension asset	52,957	-
Net pension liability	13,402	10,566
Deferred outflows of resources related to pensions	(2,642)	(31,492)
Deferred inflows of resources related to pensions	(61,604)	7,964
Other postemployment benefits	(5,625)	-
Deferred outflows of resources related to other postemployment benefits	4,060	-
Deferred inflows of resources related to other postemployment benefits	(195)	-
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	$ 663,775	$ 277,112

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

Town of Gibraltar
Door County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
REVENUES					
Taxes	$ 2,092,980	$ 2,092,980	$ 2,126,447	$ 33,467	$ 2,052,969
Intergovernmental	197,660	197,660	276,199	78,539	166,227
Licenses and permits	39,443	39,443	63,214	23,771	60,008
Fines and forfeits	-	-	2,818	2,818	2,299
Public charges for services	398,535	398,535	418,765	20,230	362,030
Intergovernmental charges for services	1,000	1,000	1,269	269	2,570
Miscellaneous	46,496	46,496	59,160	12,664	53,752
Total revenues	2,776,114	2,776,114	2,947,872	171,758	2,699,855
EXPENDITURES					
Current					
General government	489,978	500,270	448,163	52,107	360,089
Public safety	424,435	380,595	373,706	6,889	391,226
Public works	729,259	1,021,180	1,024,537	(3,357)	648,557
Health and human services	7,115	5,835	4,223	1,612	6,567
Culture and recreation	363,583	378,971	375,743	3,228	334,200
Conservation and development	180,442	182,361	110,600	71,761	143,198
Debt service					
Principal	504,642	630,201	608,281	21,920	534,391
Interest and fiscal charges	120,412	120,412	96,668	23,744	147,730
Capital outlay	31,000	66,011	393,391	(327,380)	173,415
Total expenditures	2,850,866	3,285,836	3,435,312	(149,476)	2,739,373
Excess of revenues under expenditures	(74,752)	(509,722)	(487,440)	22,282	(39,518)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	206,413
Proceeds from sale of capital assets	-	-	-	-	5,160
Transfers in	-	300,011	300,011	-	-
Transfers out	-	-	-	-	(102,468)
Total other financing sources (uses)	-	300,011	300,011	-	109,105
Net change in fund balance	(74,752)	(209,711)	(187,429)	22,282	69,587
Fund balance - January 1	578,839	578,839	578,839	-	509,252
Fund balance - December 31	$ 504,087	$ 369,128	$ 391,410	$ 22,282	$ 578,839

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Gibraltar, Door 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 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. JOINT VENTURE

The Town is a participant with the Village of Ephraim in a joint venture to operate the Ephraim-Gibraltar Airport. The Ephraim-Gibraltar Airport Commission (EGAC) was created for that purpose. The EGAC is governed by a six-member board composed of three appointees from each municipality. Both municipalities are obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. The Town's financial statements include all revenues and expenditures of the Ephraim-Gibraltar Airport.

C. JOINTLY GOVERNED ORGANIZATION

The Town is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2018, the Town recorded $221,877 of room tax revenue from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

D. RELATED ORGANIZATION

The Town Board is responsible for appointing the members to the Fish Creek Sanitary District, but the Town's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the Town's reporting entity.

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Financial statements are provided for governmental funds. Governmental funds include the general, special revenue and capital projects funds. The Town has no proprietary funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund
This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Capital Projects Fund
This fund accounts for the acquisition or construction of major capital facilities.

F. 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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.

G. 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 party 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.

The Town bills its own property taxes and also levies taxes for the Gibraltar School District, Door County, Northeast Wisconsin Technical College, and the State of Wisconsin. The Town contracts with the Door County Treasurer to collect property taxes.

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

5. 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.

6. 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 $1,500 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:

Assets	Governmental Activities Years
Land improvements	10 - 50
Buildings and improvements	10 - 50
Machinery and equipment	3 - 30
Vehicles	5 - 25
Infrastructure	15 - 75

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

8. **Long-term Obligations**
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

The Town has a formal debt management policy to set forth parameters and goals for issuing debt and managing the level of outstanding debt and was in compliance with this policy during the year.

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

10. **Other Postemployment Benefits Other Than Pensions (OPEB)**
Local Retiree Life Insurance Fund
The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expenses, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. **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 authorized itself to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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.

H. 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.

I. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

Total general fund expenditures exceeded budget by $149,476.

B. 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 2018 and 2019 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 2018 budget was 1.084%. The actual limit for the Town for the 2019 budget was 0.66%. 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, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

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

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

The carrying amount of the Town's cash and investments totaled $2,891,804 on December 31, 2018 as summarized below:

Deposits with financial institutions	$ 2,884,729
Investments	
Dreyfus GNMA Mutual Funds	7,075
	$ 2,891,804

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	$ 2,781,227
Restricted cash and investments	110,577
	$ 2,891,804

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 has the following fair value measurements as of December 31, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Dreyfus GNMA Mutual Fund	$ 7,075	$ -	$ -

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

Custodial Credit Risk

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

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

As of December 31, 2018, $2,045,661 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount consists of tax collections which were remitted to other taxing districts by January 15, 2019. No amounts were collateralized.

Credit Risk

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Dreyfus GNMA Mutual Fund	$ 7,075	$ -	$ -	$ -	$ 7,075

Concentration of Credit Risk

At December 31, 2018, the Town had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Town investments.

Interest Rate Risk

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. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Dreyfus GNMA Mutual Fund	$ 7,075	$ 7,075	$ -	$ -	$ -

B. RESTRICTED ASSETS

Restricted assets on December 31, 2018 totaled $110,577 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
General		
Parks	$ 2,629	To account for park and land donations collected to finance park and land improvements
Cemetery	42,948	To account for cemetery trust funds to be used to finance cemetery expenditures
Stormwater improvements	65,000	To account for grant funds received to finance the Fish Creek Beach stormwater improvements
Total	$ 110,577	

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	$ 3,832,711	$ -	$ -	$ 3,832,711
Construction in progress	64,206	881,606	-	945,812
Total capital assets, nondepreciable	3,896,917	881,606	-	4,778,523
Capital assets, being depreciated:				
Land improvements	771,281	15,870	-	787,151
Buildings and improvements	5,623,895	-	-	5,623,895
Machinery and equipment	706,844	15,383	-	722,227
Vehicles	1,310,922	35,011	-	1,345,933
Infrastructure	5,780,823	-	-	5,780,823
Subtotals	14,193,765	66,264	-	14,260,029
Less accumulated depreciation for:				
Land improvements	471,914	31,085	-	502,999
Buildings and improvements	1,296,486	124,884	-	1,421,370
Machinery and equipment	378,399	46,699	-	425,098
Vehicles	687,873	92,499	-	780,372
Infrastructure	4,077,603	114,650	-	4,192,253
Subtotals	6,912,275	409,817	-	7,322,092
Total capital assets, being depreciated, net	7,281,490	(343,553)	-	6,937,937
Governmental activities capital assets, net	$11,178,407	$ 538,053	$ -	11,716,460
Less: Capital related debt				4,513,480
Net investment in capital assets				$ 7,202,980

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

Governmental activities	
General government	$ 43,296
Public safety	137,683
Public works	190,583
Health and human services	100
Culture and recreation	38,155
Total depreciation expense	$ 409,817

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary cash advances to finance operations		
Governmental Funds		
General	$ 13,970	$ -
Airport	-	13,970
Totals	$ 13,970	$ 13,970

Interfund transfers for the year ended December 31, 2018 were as follows:

Fund	Transfer In	Transfer Out
General	$ 300,011	$ -
Capital projects	-	300,011
Totals	$ 300,011	$ 300,011

Interfund transfers were to reimburse the general fund for capital improvements.

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt Notes	$5,121,761	$ -	$ 608,281	$4,513,480	$ 470,134

Total interest paid during the year on long-term debt totaled $96,668.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
General obligation notes	11/24/14	12/31/24	2.30%	$ 2,494,100	$ 1,541,314
General obligation notes	12/3/14	12/31/24	2.53%	565,000	273,795
General obligation notes	10/14/15	12/31/25	2.19%	608,710	384,294
General obligation notes	12/6/16	12/31/21	2.31%	925,357	1,024,536
General obligation notes	12/21/16	12/31/36	3.01%	1,400,000	1,289,541
Total Outstanding General Obligation Debt					$ 4,513,480

Annual principal and interest maturities of the outstanding general obligation debt of $4,513,480 on December 31, 2018 are detailed below:

Year Ended	Governmental Activities		
December 31,	Principal	Interest	Total
2019	$ 470,134	$ 109,627	$ 579,761
2020	481,410	98,350	579,760
2021	493,533	86,227	579,760
2022	505,675	74,087	579,762
2023	487,652	61,797	549,449
2024-2028	959,150	203,279	1,162,429
2029-2033	732,872	106,227	839,099
2034-2036	383,054	14,983	398,037
	$ 4,513,480	$ 754,577	$ 5,268,057

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

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was $33,205,270 as follows:

Equalized valuation of the Village	$ 754,375,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	37,718,750
Net outstanding general obligation debt applicable to debt limitation	4,513,480
Legal margin for new debt	$ 33,205,270

F. PENSION PLAN

1. 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov/publications/cafr.htm.

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 executive service retirement plan participants, if hired on or before December 31, 2016 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. 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
2007	3%	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
2016	0.5	(5)
2017	2.0	4

3. 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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending in December 31, 2017, the WRS recognized $19,888 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the Town reported an asset of $52,957 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00178361%, which was an increase of 0.00015763% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of $21,318.

At December 31, 2018, 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	$ 67,283	$ 31,473
Net differences between projected and actual earnings on pension plan investments	-	72,785
Changes in assumptions	10,463	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,732
Employer contributions subsequent to the measurement date	25,400	-
Total	$ 103,146	$ 107,990

$25,400 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 (asset) in the year ended December 31, 2019. 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,	Expense
2019	$ 4,077
2020	(1,676)
2021	(18,784)
2022	(13,986)
2023	125
Total	$ (30,244)

5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market 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 2016 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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 %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8%	6.5%	3.6%
Private Equity/Debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
Variable Fund Asset Class			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension asset. 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 3.31%. 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 members 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 asset.

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 7.2 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 (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Town's proportionate share of the net pension liability (asset)	$ 137,019	$ (52,957)	$ (197,345)

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

6. Payables to the Pension Plan

At December 31, 2018, the Town reported a payable of $5,595 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

G. OTHER POSTEMPLOYMENT BENEFITS

The Town has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by $8,187 as follows:

Other postemployment liability		
OPEB asset balance previously reported	$ -	
Actuarially determined balance	8,187	
Change in other postemployment liability		$ (8,187)

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Positon

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov/publications/cafr.htm.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance
Employee Contribution Rates
For the Year Ended December 31, 2017

Attained Age	Basic
Under 30	$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized $87 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Town reported a liability of $13,812 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net OPEB liability was based on the Town's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.00459100%, which was an increase of 0.0012138% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized OPEB expense of $1,854.

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 195
Net differences between projected and actual earnings on OPEB plan investments	159	-
Changes in assumptions	1,335	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,566	-
Employer contributions subsequent to the measurement date	-	-
Total	$ 4,060	$ 195

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

Year Ended December 30,	Expense
2019	$ 607
2020	607
2021	607
2022	606
2023	567
Thereafter	871
Total	$ 3,865

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability (asset):	December 31, 2017
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the Town's proportionate share of net OPEB liability to changes in the discount rate. The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 3.63%, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Town's proportionate share of the net OPEB liability	$ 19,522	$ 13,812	$ 9,431

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

Payable to the OPEB Plan
At December 31, 2018, the Town reported a payable of $0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

H. 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, 2018, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Dock fuel inventory	$ 24,624
Airport fund	
Nonspendable	
Fuel inventory	30,672
Total Nonspendable Fund Balance	$ 55,296

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

General Fund	
Restricted for	
Parks and land	$ 2,629
Beach stormwater improvements grant	65,000
Cemetery	42,948
Total General Fund Restricted Fund Balance	$ 110,577

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2018, General Fund balance was committed as follows:

General Fund	
Committed for	
Debt service	$ 4,019
Coastal byways	1,407
Total General Fund Committed Fund Balance	5,426
Capital projects fund	
Committed for	
Capital projects	673,009
Total Committed Fund Balance	$ 678,435

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2018, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years' budget	$ 97,900

Minimum General Fund Balance Policy

The Town has also adopted a minimum fund balance policy of 16% of subsequent year budgeted general fund expenditures, not including debt service and capital outlay funded by debt. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2019 General fund budgeted operating expenditures	$ 2,283,420
Minimum Fund Balance %	(x) 16%
Minimum Fund Balance Amount	$ 365,347

The Town's unassigned general fund balance of $152,883 is below the minimum fund balance amount. This is due mostly to the Town financing capital projects with cash on hand in 2018, that they plan to issue debt for in 2019.

Net Position

The Town reports restricted net position at December 31, 2018 as follow:

Governmental Activities	
Restricted for	
Parks	$ 2,629
Beach Stormwater Improvements Grant	65,000
Cemetery	42,948
Net pension asset	52,957
Total Governmental Activities Restricted Net Position	$ 163,534

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. SUBSEQUENT EVENT

In January, 2019, the Town approved Resolution 2019-01, awarding the sale of $5,830,000 General Obligation Promissory Notes, Series 2019A, to be drawn as needed for beach expansion, boat trailer lot, and Highway 42 project expenditures. The total amount is due on January 15, 2020 with interest at 3.94%.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Gibraltar
Door County, 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 (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00143499%	$ (35,247)	$ 211,162	16.69%	102.74%
12/31/15	0.00147500%	23,968	206,591	11.60%	98.20%
12/31/16	0.00162598%	13,402	269,342	4.98%	99.12%
12/31/17	0.00178361%	(52,957)	270,038	19.61%	102.93%

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 (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	$ 14,048	$ 14,048	$ -	$ 206,591	6.80%
12/31/16	18,322	18,322	-	269,342	6.80%
12/31/17	19,888	19,888	-	270,038	7.36%
12/31/18	25,400	25,400	-	339,066	7.49%

See notes to required supplementary information.

Town of Gibraltar
Door County, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll (plan year)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.00459100%	$ 13,812	$ 270,038	5.11%	44.81%

SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
12/31/18	$ 87	$ 87	$ -	$ 339,066	0.03%

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

A. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The Town implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available.

B. WISCONSIN RETIREMENT SYSTEM

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 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.

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SUPPLEMENTARY INFORMATION

Town of Gibraltar
Door County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive	2017
	Original	Final	Actual	(Negative)	Actual
Taxes					
General property	$ 1,893,980	$ 1,893,980	$ 1,893,980	$ -	$ 1,838,685
Managed forest land	3,000	3,000	10,590	7,590	3,675
Room tax	196,000	196,000	221,877	25,877	210,609
Total taxes	2,092,980	2,092,980	2,126,447	33,467	2,052,969
Intergovernmental					
State					
State shared taxes	12,928	12,928	12,928	-	12,928
Exempt computer aid	321	321	321	-	316
Forest crop severence/yield withdrawal	-	-	2,260	2,260	3,994
Fire insurance tax	25,000	25,000	22,023	(2,977)	23,441
Transportation	128,691	128,691	146,191	17,500	111,906
Municipal service aid	2,000	2,000	1,918	(82)	2,024
DNR in lieu of taxes	4,600	4,600	4,688	88	4,674
Police training	320	320	320	-	-
Recycling grant	1,800	1,800	1,758	(42)	1,888
Other grants	22,000	22,000	83,792	61,792	5,056
Total intergovernmental	197,660	197,660	276,199	78,539	166,227
Licenses and permits					
Licenses					
Liquor and malt beverage	9,100	9,100	9,852	752	9,203
Cable TV franchise fee	9,300	9,300	13,819	4,519	13,225
Other licenses and permits	1,243	1,243	1,422	179	1,710
Inspection fees	19,800	19,800	38,121	18,321	35,870
Total licenses and permits	39,443	39,443	63,214	23,771	60,008
Fines and forfeits					
Court fines and penalties	-	-	2,818	2,818	2,299

Town of Gibraltar
Door County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
Public charges for services					
Dock	385,815	385,815	404,723	18,908	340,265
Roads	1,000	1,000	1,283	283	1,314
Cemetery	8,000	8,000	7,595	(405)	15,603
General government	3,600	3,600	4,974	1,374	4,662
Miscellaneous	120	120	190	70	186
Total public charges for services	398,535	398,535	418,765	20,230	362,030
Intergovernmental charges for services					
Fire and EMS services	1,000	1,000	1,269	269	2,570
Miscellaneous					
Interest on investments	4,000	4,000	10,817	6,817	7,115
Rent of Town property	41,461	41,461	42,275	814	45,695
Insurance claims and refunds	-	-	2,661	2,661	-
Donations	1,000	1,000	500	(500)	700
Blossomberg trust income	35	35	56	21	59
Other	-	-	2,851	2,851	183
Total miscellaneous	46,496	46,496	59,160	12,664	53,752
Total Revenues	$ 2,776,114	$ 2,776,114	$ 2,947,872	$ 171,758	$ 2,699,855

Town of Gibraltar
Door County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive	2017
	Original	Final	Actual	(Negative)	Actual
General Government					
Legislative	$ 55,823	$ 52,349	$ 52,351	$ (2)	$ 52,159
Legal	41,000	61,625	52,624	9,001	16,663
General administration	230,565	223,416	223,467	(51)	175,016
Elections	6,886	8,949	8,949	-	2,595
Advertising	3,000	3,000	2,578	422	1,686
Accounting	19,000	19,000	14,042	4,958	15,412
Assessment of property	16,400	15,818	15,618	200	15,831
Community center	31,955	32,997	31,418	1,579	36,317
Property and liability insurance	85,349	83,116	47,116	36,000	44,410
Total general government	489,978	500,270	448,163	52,107	360,089
Public Safety					
Police department	137,105	98,710	98,713	(3)	149,450
Fire department	229,850	218,387	214,996	3,391	182,733
First responders	39,030	30,951	27,450	3,501	31,603
Building inspection	18,450	32,547	32,547	-	27,440
Total public safety	424,435	380,595	373,706	6,889	391,226
Public Works					
Salaries and benefits	204,259	204,259	189,868	14,391	190,685
Road maintenance - contracted	469,000	760,921	750,694	10,227	335,271
Town shop and equipment	39,800	39,800	48,239	(8,439)	89,920
Street lighting	-	-	15,252	(15,252)	14,247
Airport	-	-	6,947	(6,947)	3,715
Sanitation/Recycling	16,200	16,200	13,537	2,663	14,719
Total public works	729,259	1,021,180	1,024,537	(3,357)	648,557
Health and Human Services					
Cemetery	1,000	1,000	257	743	1,653
Watershed study	1,200	1,200	479	721	1,364
Flu shots	1,500	1,500	288	1,212	252
Animal control	3,415	2,135	3,199	(1,064)	3,298
Total health and human services	7,115	5,835	4,223	1,612	6,567

Town of Gibraltar
Door County, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive	2017
	Original	Final	Actual	(Negative)	Actual
Culture and Recreation					
Library	1,415	3,240	3,240	-	1,255
Park and pavilion	33,150	27,789	29,289	(1,500)	29,117
Museum	27,080	23,942	12,943	10,999	17,471
Town hall	19,100	20,829	20,829	-	29,426
Chambers Island	3,175	1,256	1,256	-	12,102
Docks	279,663	301,915	308,186	(6,271)	244,829
Total culture and recreation	363,583	378,971	375,743	3,228	334,200
Conservation and Development					
Planning commission	111,473	113,392	35,569	77,823	71,232
Fish Creek Civic Association	68,669	68,669	74,731	(6,062)	71,666
Door County Coastal Byway	300	300	300	-	300
Total conservation and development	180,442	182,361	110,600	71,761	143,198
Debt Service					
Principal retirement	504,642	630,201	608,281	21,920	534,391
Interest and fiscal charges	120,412	120,412	96,668	23,744	147,730
Total debt service	625,054	750,613	704,949	45,664	682,121
Capital Outlay					
General Government					
Equipment	10,000	10,000	-	10,000	-
Public Safety					
Fire equipment	-	35,011	35,011	-	-
Public Works					
Buildings	-	-	-	-	112,709
Highway 42	-	-	170,950	(170,950)	-
Other	-	-	-	-	35,325
Culture and recreation					
Beach expansion	-	-	103,646	(103,646)	25,381
Boat trailer lot	-	-	67,914	(67,914)	-
Dock	21,000	21,000	15,870	5,130	-
Total capital outlay	31,000	66,011	393,391	(327,380)	173,415
Total Expenditures	$ 2,850,866	$ 3,285,836	$ 3,435,312	$ (149,476)	$ 2,739,373

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

CliftonLarsonAllen LLP
CLAconnect.com

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 Gibraltar
Door County, Wisconsin

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Town of Gibraltar, Door County, (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 15, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 GIBRALTAR, WISCONSIN'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
March 15, 2019

Town of Gibraltar
Door County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-001	**Preparation of Annual Financial Report** Repeat of Finding 2017-001
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reason, the Town contracts with us to compile the Wisconsin Municipal Financial Report Form.
Criteria:	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, notes and other required State Financial report.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	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.
Recommendation:	We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and municipal financial report.
Management Response:	Management believes the cost for additional staff time and training to prepare year-end financial reports outweigh the benefits to be received. Management has reviewed financial information using the knowledge obtained from various trainings and continuing education on new GASB pronouncements.

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, 2018.

Town of Gibraltar
Door County, Wisconsin

MANAGEMENT COMMUNICATIONS

December 31, 2018

Town of Gibraltar, Wisconsin
Door County, Wisconsin

DECEMBER 31, 2018

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CliftonLarsonAllen LLP
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To the Town Board
Town of Gibraltar
Door County,, Wisconsin

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gibraltar, Door County, Wisconsin (the "Town") as of and for the year ended December 31, 2018. The Town's financial statements, including our report thereon dated March 15, 2019, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITIES UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS AND *GOVERNMENT AUDITING STANDARDS*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

SIGNIFICANT AUDIT FINDINGS

Consideration of Internal Control

FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 41 - 42 of the annual report.

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 discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Town's internal control to be a significant deficiency:

Finding 2018-001 Preparation of Annual Financial Report

This finding is described in detail in the schedule of findings and responses on page 43 of the annual report.

The Town's written response to the significant deficiency identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. As described in Note 2.G to the financial statements, the Town changed accounting policies related to postemployment benefits by adopting Statement of Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

- Management's estimate of the other postemployment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of the investments is based on ending market values as of December 31, 2018 as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 15, 2019. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the schedules relating to pensions and other postemployment benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 15, 2019.

Restriction on Use

This information is intended solely for the information and use of the Town Board and management of the Town of Gibraltar and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
March 15, 2019

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the Town's governmental fund balances on December 31, 2018 and 2017. This information is provided for assessing financial results for 2018 and for indicating financial resources available at the start of the 2019 budget year.

	12/31/18	12/31/17
General Fund		
Nonspendable for		
Inventories	$ 24,624	$ 18,809
Restricted for		
Cemetery	42,948	42,925
Parks	2,629	2,129
Beash stormwater improvements grant	65,000	-
Committed for		
Debt service	4,019	4,019
Door County coastal byways	1,407	1,407
Assigned		
Subsequent year's budget	97,900	74,755
Unassigned	152,883	434,795
Total General Fund Balance	391,410	578,839
Special Revenue Funds		
Airport		
Nonspendable	30,672	3,443
Committed	-	13,283
Unassigned	(10,704)	-
Total Special Revenue Funds	19,968	16,726
Capital Projects Funds		
Capital outlay	673,009	966,322
Total Governmental Fund Balances	$ 1,084,387	$ 1,561,887

During 2018, the Town's unassigned general fund balance decreased $281,912, due mostly to the Town financing capital projects in 2018 with cash on hand until they issue the 2019 General Obligation Promissory Notes in 2019.

DETAIL OF EPHRAIM-GIBRALTAR JOINT AIRPORT

The following is a detail of operating revenues and expenditures for the Ephraim-Gibraltar Joint Airport for the year ended December 31, 2018 and 2017.

	2018	2017
Operating Revenues		
Hanger lease	$ 32,156	$ 30,705
Aircraft parking	2,481	2,889
Fuel sales	46,411	43,982
Automobile parking	901	1,331
Charter fees	43	43
Public charges for services	-	6,600
Miscellaneous	668	507
Total Operating Revenues	82,660	86,057
Operating Expenditures		
Personnel costs	17,022	13,937
Telephone	3,143	3,353
Cleaning	956	991
Contracted maintenance	7,277	5,168
Utilities	4,044	4,296
Office supplies and expenses	2,657	3,253
Insurance	7,296	7,067
Fuel	36,033	32,250
Fuel tax	571	580
Truck rental	-	3,423
Miscellaneous	419	6,605
Total Operating Expenditures	79,418	80,923
Net Change in Fund Balance	3,242	5,134
Airport Fund Balance - January 1	16,726	11,592
Airport Fund Balance - December 31	$ 19,968	$ 16,726

APPENDIX

Town of Gibraltar
4097 Hwy 42
PO Box 850
Fish Creek, WI 54212

March 15, 2019

CliftonLarsonAllen LLP
2200 Riverside Drive
Green Bay, WI 54305

This representation letter is provided in connection with your audit of the financial statements of the Town of Gibraltar, Door County, Wisconsin which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of March 15, 2019, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 21, 2018, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed..

7. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.

10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

11. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

12. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

13. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.

14. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.

15. We do not intend to compensate for the elimination of postretirement benefits by granting an increase in pension benefits.

16. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.

7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Town of Gibraltar, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

16. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

19. The financial statements properly classify all funds and activities.

20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

23. Provisions for uncollectible receivables have been properly identified and recorded.

24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

25. Revenues are appropriately classified in the statement of activities within program revenues or general revenues.

26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

31. We acknowledge our responsibility for presenting the General Fund detailed comparison of budgeted and actual revenues and expenditures (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

32. As part of your audit, you prepared the draft financial statements and related notes and the state financial report. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and state financial report.

33. We have evaluated the adequacy and results of the depreciation services performed and accept responsibility for the results. We acknowledge our responsibility for our depreciation schedules and have determined the methods and rates of depreciation and the salvage values used in the calculations. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your depreciation services; have made all significant management judgments and decisions; and have assumed all management responsibilities.

34. We agree with the findings of specialists in evaluating the other postemployment benefits and pension benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

Signature: Beth Hagen Title: Clerk-Treasurer
Beth Hagen, Clerk/Treasurer

Signature: Kelly Mure Title: Deputy Clerk
Kelly Mure, Deputy Clerk