

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2021**



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DOOR COUNTY, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

Town Board  
Town of Gibraltar  
Door County, Wisconsin

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Gibraltar, Door County, Wisconsin (the "Town") as of and for the year ended December 31, 2021, and the related and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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

Town Board  
Town of Gibraltar  
Door County, Wisconsin

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.

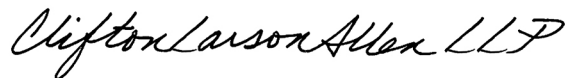
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental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

**Supplementary 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 detailed comparison of general fund budgeted and actual revenues and expenditures are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the detailed comparison of general fund budgeted and actual revenues and expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
March 1, 2022

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 1,399,976	\$ 138,346	\$ 1,538,322
Receivables:			
Taxes and Special Charges	2,145,858	-	2,145,858
Delinquent Taxes	3,255	-	3,255
Other	14,932	-	14,932
Due from Other Governments	4,420	-	4,420
Inventory	-	28,628	28,628
Restricted Assets:			
Cash and Investments	402,537	-	402,537
Net Pension Asset	174,454	-	174,454
Capital Assets, Nondepreciable	7,440,143	-	7,440,143
Capital Assets, Depreciable	12,678,018	475,359	13,153,377
Total Assets	24,263,593	642,333	24,905,926
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	297,641	-	297,641
Other Postemployment Related Amounts	29,954	-	29,954
Total Deferred Outflows of Resources	327,595	-	327,595
<b>LIABILITIES</b>			
Accounts Payable	4,719	997	5,716
Accrued and Other Current Liabilities	27,725	-	27,725
Due to Other Governments	2,319	-	2,319
Accrued Interest Payable	29,024	-	29,024
Special Deposits	17,515	35,200	52,715
Unearned Revenues	54,375	-	54,375
Long-Term Obligations:			
Due Within One Year	716,801	-	716,801
Due in More Than One Year	11,129,084	-	11,129,084
Net Other Postemployment Benefits	48,021	-	48,021
Total Liabilities	12,029,583	36,197	12,065,780
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	2,549,393	-	2,549,393
Pension Related Amounts	382,755	-	382,755
Other Postemployment Related Amounts	5,587	-	5,587
Total Deferred Inflows of Resources	2,937,735	-	2,937,735
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,461,981	475,359	8,937,340
Restricted			
Pension Benefits	174,454	-	174,454
Donations	64,404	-	64,404
Unrestricted	923,031	130,777	1,053,808
Total Net Position	\$ 9,623,870	\$ 606,136	\$ 10,230,006

See accompanying Notes to Basic Financial Statements.



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 596,612	\$ 73,856	\$ 1,934	\$ -	\$ (520,822)	\$ -	\$ (520,822)
Public Safety	604,454	55,244	24,795	-	(524,415)	-	(524,415)
Public Works	960,708	-	175,316	-	(785,392)	-	(785,392)
Health and Human Services	4,541	10,989	-	-	6,448	-	6,448
Culture and Recreation	141,612	-	-	21,890	(119,722)	-	(119,722)
Conservation and Development	125,571	-	-	-	(125,571)	-	(125,571)
Interest and Fiscal Charges	232,660	-	-	-	(232,660)	-	(232,660)
Total Governmental Activities	2,666,158	140,089	202,045	21,890	(2,302,134)	-	(2,302,134)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Marina	381,872	468,409	-	-	-	86,537	86,537
Total	<u>\$ 3,048,030</u>	<u>\$ 608,498</u>	<u>\$ 202,045</u>	<u>\$ 21,890</u>	<u>(2,302,134)</u>	<u>86,537</u>	<u>(2,215,597)</u>
<b>GENERAL REVENUES</b>							
Taxes:							
Property Taxes					1,588,762	-	1,588,762
Tax Increments					932,874	-	932,874
Other Taxes					308,516	-	308,516
Federal and State Grants and Other Contributions not Restricted to Specific Functions							
					32,798	-	32,798
Interest and Investment Earnings							
					1,876	-	1,876
Miscellaneous							
					46,275	-	46,275
Transfers							
					(100,000)	100,000	-
Total General Revenues					<u>2,811,101</u>	<u>100,000</u>	<u>2,911,101</u>
<b>CHANGE IN NET POSITION</b>							
					508,967	186,537	695,504
Net Position - Beginning of Year							
					<u>9,114,903</u>	<u>419,599</u>	<u>9,534,502</u>
<b>NET POSITION - END OF YEAR</b>							
					<u>\$ 9,623,870</u>	<u>\$ 606,136</u>	<u>\$ 10,230,006</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
BALANCE SHEET  
DECEMBER 31, 2021**

<b>ASSETS</b>	General	Debt Service	2019 G.O. Notes	Capital Projects	Totals
Cash and Investments	\$ 1,091,345	\$ -	\$ -	\$ 308,631	\$ 1,399,976
Restricted Cash and Investments	64,404	148,428	189,705	-	402,537
Receivables:					
Taxes and Special Charges	1,361,711	784,147	-	-	2,145,858
Delinquent Taxes	3,255	-	-	-	3,255
Accounts	11,700	-	-	-	11,700
Other	3,232	-	-	-	3,232
Due from Other Governments	4,420	-	-	-	4,420
Total Assets	<u>\$ 2,540,067</u>	<u>\$ 932,575</u>	<u>\$ 189,705</u>	<u>\$ 308,631</u>	<u>\$ 3,970,978</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,719	\$ -	\$ -	\$ -	\$ 4,719
Accrued and Other Current Liabilities	27,725	-	-	-	27,725
Due to Other Governments	2,319	-	-	-	2,319
Special Deposits	17,515	-	-	-	17,515
Unearned Revenues	54,375	-	-	-	54,375
Total Liabilities	<u>106,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,653</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Levied for Subsequent Year	<u>1,616,818</u>	<u>932,575</u>	<u>-</u>	<u>-</u>	<u>2,549,393</u>
 <b>FUND BALANCES</b>					
Nonspendable	3,255	-	-	-	3,255
Restricted	64,404	-	189,705	-	254,109
Committed	159,955	-	-	308,631	468,586
Assigned	171,813	-	-	-	171,813
Unassigned	417,169	-	-	-	417,169
Total Fund Balances	<u>816,596</u>	<u>-</u>	<u>189,705</u>	<u>308,631</u>	<u>1,314,932</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 2,540,067</u>	 <u>\$ 932,575</u>	 <u>\$ 189,705</u>	 <u>\$ 308,631</u>	 <u>\$ 3,970,978</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

Total Fund Balances as Shown on Previous Page	\$ 1,314,932
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.	20,118,161
Long-term assets are not current financial resources; therefore, are not reported in the funds: Net pension asset	174,454
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	297,641
Deferred Inflows Related to Pensions	(382,755)
Deferred Outflows Related to Other Postemployment Benefits	29,954
Deferred Inflows Related to Other Postemployment Benefits	(5,587)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes Payable	(11,550,105)
Premium on Debt	(295,780)
Net Other Postemployment Benefit	(48,021)
Accrued Interest on Long-Term Obligations	<u>(29,024)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (See Page 5)	<u>\$ 9,623,870</u>

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	2019 G.O. Notes	Capital Projects	Totals
<b>REVENUES</b>					
Taxes	\$ 1,897,278	\$ 932,874	\$ -	\$ -	\$ 2,830,152
Intergovernmental	234,843	-	-	-	234,843
Licenses and Permits	78,894	-	-	-	78,894
Fines and Forfeits	2,083	-	-	-	2,083
Public Charges for Services	17,462	-	-	-	17,462
Intergovernmental Charges for Services	207	-	-	-	207
Miscellaneous	111,331	-	-	153	111,484
<b>Total Revenues</b>	<b>2,342,098</b>	<b>932,874</b>	<b>-</b>	<b>153</b>	<b>3,275,125</b>
<b>EXPENDITURES</b>					
Current:					
General Government	565,502	-	-	-	565,502
Public Safety	499,620	-	-	-	499,620
Public Works	724,877	-	-	-	724,877
Health and Human Services	4,441	-	-	-	4,441
Culture and Recreation	90,009	-	-	-	90,009
Conservation and Development	125,571	-	-	-	125,571
Debt Service:					
Principal	-	694,133	-	-	694,133
Interest and Fiscal Charges	-	239,892	-	-	239,892
Capital Outlay	180,955	-	689,585	3,500,000	4,370,540
<b>Total Expenditures</b>	<b>2,190,975</b>	<b>934,025</b>	<b>689,585</b>	<b>3,500,000</b>	<b>7,314,585</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>151,123</b>	<b>(1,151)</b>	<b>(689,585)</b>	<b>(3,499,847)</b>	<b>(4,039,460)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	3,500,000	3,500,000
Transfers In	-	1,151	-	-	1,151
Transfers Out	(1,151)	-	-	-	(1,151)
Total Other Financing Sources (Uses)	<b>(1,151)</b>	<b>1,151</b>	<b>-</b>	<b>3,500,000</b>	<b>3,500,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>149,972</b>	<b>-</b>	<b>(689,585)</b>	<b>153</b>	<b>(539,460)</b>
Fund Balances - Beginning of Year	666,624	-	879,290	308,478	1,854,392
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 816,596</b>	<b>\$ -</b>	<b>\$ 189,705</b>	<b>\$ 308,631</b>	<b>\$ 1,314,932</b>

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances as Shown on Previous Page \$ (539,460)

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	4,370,541
Contributed Capital Assets	(100,000)
Depreciation Expense Reported in the Statement of Activities	(471,177)

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	(3,500,000)
Premium on Debt Issued	17,930
Principal Repaid	694,133

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	(10,698)
Net Pension Asset	97,169
Deferred Outflows of Resources Related to Pensions	107,955
Deferred Inflows of Resources Related to Pensions	(149,564)
Net Other Postemployment Benefits	(16,898)
Deferred Outflows of Resources Related to Other Postemployment Benefits	9,806
Deferred Inflows of Resources Related to Other Postemployment Benefits	(770)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (See Page 6)	\$ 508,967
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**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,771,762	\$ 1,771,762	\$ 1,897,278	\$ 125,516
Intergovernmental	252,604	252,604	234,843	(17,761)
Licenses and Permits	44,824	44,824	78,894	34,070
Fines and Forfeits	-	-	2,083	2,083
Public Charges for Services	7,336	7,336	17,462	10,126
Intergovernmental Charges for Services	500	500	207	(293)
Miscellaneous	48,390	48,390	111,331	62,941
Total Revenues	<u>2,125,416</u>	<u>2,125,416</u>	<u>2,342,098</u>	<u>216,682</u>
<b>EXPENDITURES</b>				
Current::				
General Government	652,413	652,413	565,502	86,911
Public Safety	510,547	510,547	499,620	10,927
Public Works	526,328	526,328	724,877	(198,549)
Health and Human Services	4,840	4,840	4,441	399
Culture and Recreation	133,450	133,450	90,009	43,441
Conservation and Development	128,403	128,403	125,571	2,832
Capital Outlay	350,000	350,000	180,955	169,045
Total Expenditures	<u>2,305,981</u>	<u>2,305,981</u>	<u>2,190,975</u>	<u>115,006</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(180,565)	(180,565)	151,123	331,688
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(1,151)	(1,151)
<b>NET CHANGE IN FUND BALANCE</b>	(180,565)	(180,565)	149,972	330,537
Fund Balance - Beginning of Year	666,624	666,624	666,624	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 486,059</u>	<u>\$ 486,059</u>	<u>\$ 816,596</u>	<u>\$ 330,537</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2021**

	Marina
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 138,346
Inventory	28,628
Total Current Assets	166,974
Capital Assets:	
Depreciable	475,359
Total Assets	642,333
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	997
Special Deposits	35,200
Total Current Liabilities	36,197
<b>NET POSITION</b>	
Investment in Capital Assets	475,359
Unrestricted	130,777
Total Net Position	\$ 606,136

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2021**

	Marina
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 468,409
<b>OPERATING EXPENSES</b>	
Operation	323,395
Repairs and Maintenance	6,025
Administration and General	22,124
Depreciation	30,328
Total Operating Expenses	381,872
<b>OPERATING INCOME</b>	86,537
<b>INCOME BEFORE CONTRIBUTIONS</b>	86,537
Capital Contributions	100,000
<b>CHANGE IN NET POSITION</b>	186,537
Net Position - Beginning of Year	419,599
<b>NET POSITION - END OF YEAR</b>	\$ 606,136

See accompanying Notes to Basic Financial Statements.



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2021**

	Marina
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 468,409
Cash Paid for Employee Wages and Benefits	(61,080)
Cash Paid to Suppliers	(297,381)
Net Cash Provided by Operating Activities	109,948
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Waiting List Deposits Collected	3,500
<b>CHANGE IN CASH AND INVESTMENTS</b>	113,448
Cash and Investments - Beginning of Year	24,898
<b>CASH AND INVESTMENTS - END OF YEAR</b>	\$ 138,346
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 86,537
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	30,328
Change in Operating Assets and Liabilities	
Prepaid Supplies and Prepaid Items	728
Accounts Payable	(7,645)
Net Cash Provided by Operating Activities	\$ 109,948
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	\$ 100,000

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2021**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,111,658
Receivables:	
Taxes and Special Charges	<u>5,879,010</u>
Total Assets	<u>6,990,668</u>
<b>LIABILITIES</b>	
Liabilities:	
Due to Other Governments	1,111,658
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Year	<u>5,879,010</u>
<b>NET POSITION</b>	
Fiduciary Net Position - Held for Others	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
YEAR ENDED DECEMBER 31, 2021**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Taxes and Special Charges Collected	\$ 6,461,342
<b>DEDUCTIONS</b>	
Payments to Other Taxing Districts	<u>6,461,342</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	-
Net Position - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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 (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

**A. Reporting Entity**

The Town is a municipal corporation governed by an elected five member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Town 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.

**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 EGAC does not issue separate financial statements.

**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 2021, the Town recorded \$298,709 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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, debt service and capital project funds. Proprietary funds include enterprise funds. The Town has no internal service funds. Major individual governmental funds and the major individual enterprise fund 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.

Debt Service

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

2019 G.O. Notes

This fund is used to account for capital expenditures funded by the 2019 general obligation note issuance.

Capital Projects Fund

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

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

The Town reports the following major enterprise fund:

Marina Fund

This fund is used to account for the operation of the Town's marina activities.

The Town also reports the following fiduciary fund:

Custodial Fund

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

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

The government-wide, proprietary fund and fiduciary fund 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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund is charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

**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 part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**3. Accounts Receivable**

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

**4. Interfund Receivables and Payables**

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

**5. Prepaid Supplies**

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

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

**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.



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**6. Capital Assets (Continued)**

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Land Improvements	10 - 50	10 - 15
Buildings and Improvements	10 - 50	30 - 40
Machinery and Equipment	3 - 30	15 - 30
Vehicles	5 - 25	10
Infrastructure	15 - 75	20 - 50

**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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**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 (revenue), 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 expense (revenue), 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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**11. Fund Equity (Continued)**

**Committed fund balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.

**Assigned fund balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has 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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2021. Any excess expenditures over budget appropriations within accounts were funded by positive variances of the general fund or by available fund balances within governmental funds.

**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 2021 and 2022 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 2021 budget was 1.44 %. The actual limit for the Town for the 2022 budget was 1.12%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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 \$3,052,517 on December 31, 2021 as summarized below:

Deposits with Financial Institutions	\$	3,044,893
Investments:		
Mutual Funds		7,624
Total		\$ 3,052,517

Reconciliation to the Basic Financial Statements:

Government-Wide Statement of Net Position:

Governmental Activities:		
Cash and Investments	\$	1,399,976
Restricted Cash and Investments		402,537
Business Activities:		
Cash and Investments		138,346

Fiduciary Fund Statement of Net Position:

Custodial Fund		1,111,658
Total		\$ 3,052,517

**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, 2021:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
Mutual Funds	\$ 7,625	\$ -	\$ -

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

Fair Value Measurements (Continued)

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, 2021, \$2,148,615 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,111,658 were tax collections which were remitted to other taxing districts by January 15, 2022. No amounts were collateralized.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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
Mutual Funds	\$ 7,625	\$ -	\$ -	\$ -	\$ 7,625

Concentration of Credit Risk

At December 31, 2021, 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. The Town does not have an interest rate risk policy. 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:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Mutual Funds	\$ 7,625	\$ 7,625	\$ -	\$ -	\$ -

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**B. Restricted Assets**

Restricted assets on December 31, 2021 totaled \$402,537 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
General:		
Parks	\$ 5,455	To account for park and land donations collected to finance park and land improvements
Cemetery	43,505	To account for cemetery trust funds to be used to finance cemetery expenditures
Gazebo	2,717	To account for park and land donations collected to finance gazebo in park
Law Enforcement	1,621	To account for donations collected to finance PPE for law enforcement
Holiday Lighting	11,106	To account for donations collected to finance holiday lighting
Total General Fund	<u>64,404</u>	
Debt Service	148,428	To account for 2022 advance tax collections to finance 2022 budgeted debt payments
2019 G.O. Notes:		
Note Proceeds	<u>189,705</u>	To account for unused debt proceeds to fund future capital expenditures
Total	<u>\$ 402,537</u>	



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Nondepreciable:					
Land	\$ 3,716,905	\$ 3,117,900	\$ -	\$ -	\$ 6,834,805
Construction in Progress	4,028,625	689,586	4,112,873	-	605,338
Total Capital Assets, Nondepreciable	7,745,530	3,807,486	4,112,873	-	7,440,143
Capital Assets, Being Depreciated:					
Land Improvements	491,153	1,132,443	-	-	1,623,596
Buildings and Improvements	5,644,591	282,100	-	-	5,926,691
Machinery and Equipment	495,492	77,486	-	-	572,978
Vehicles	1,642,653	65,810	-	-	1,708,463
Infrastructure	7,665,226	3,118,089	-	(100,000)	10,683,315
Subtotals	15,939,115	4,675,928	-	(100,000)	20,515,043
Less Accumulated Depreciation for:					
Land Improvements	368,655	14,294	-	-	382,949
Buildings and Improvements	1,518,738	156,607	-	-	1,675,345
Machinery and Equipment	322,629	27,244	-	-	349,873
Vehicles	996,267	94,514	-	-	1,090,781
Infrastructure	4,159,559	178,518	-	-	4,338,077
Subtotals	7,365,848	471,177	-	-	7,837,025
Total Capital Assets, Being Depreciated, Net	8,573,267	4,204,751	-	(100,000)	12,678,018
Governmental Activities Capital Assets, Net	<u>\$ 16,318,797</u>	<u>\$ 8,012,237</u>	<u>\$ 4,112,873</u>	<u>\$ (100,000)</u>	20,118,161
Less: Capital Related Debt, less unexpended debt proceeds					11,360,400
Less: Debt Premium					295,780
Net Investment in Capital Assets					<u>\$ 8,461,981</u>
<b>Business-Type Activities:</b>					
Capital Assets, Being Depreciated:					
Land Improvements	\$ 119,722	\$ -	\$ -	\$ -	\$ 119,722
Buildings and Improvements	320,506	-	-	-	320,506
Machinery and Equipment	151,358	-	-	-	151,358
Vehicles	1,800	-	-	-	1,800
Infrastructure	380,017	-	-	100,000	480,017
Subtotals	973,403	-	-	100,000	1,073,403
Less Accumulated Depreciation for:					
Land Improvements	47,577	9,048	-	-	56,625
Buildings and Improvements	162,711	9,017	-	-	171,728
Machinery and Equipment	98,109	7,100	-	-	105,209
Vehicles	1,800	-	-	-	1,800
Infrastructure	257,519	5,163	-	-	262,682
Subtotals	567,716	30,328	-	-	598,044
Business-Type Activities Capital Assets, Net	<u>\$ 405,687</u>	<u>\$ (30,328)</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 475,359</u>

**TOWN OF GIBRALTAR  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 41,601
Public Safety	125,075
Public Works	215,138
Health and Human Services	100
Culture and Recreation	89,263
Total Depreciation Expense	<u>\$ 471,177</u>
Business-Type Activities:	
Marina Fund	<u>\$ 30,328</u>

**D. Interfund Transfers**

Interfund transfers for the year ended December 31, 2021 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 1,151
Debt Service	1,151	-
Totals	<u>\$ 1,151</u>	<u>\$ 1,151</u>
Governmental Activities	\$ -	\$ 100,000
Business-Type Activities	100,000	-
Totals	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Interfund transfers were recorded for the following purposes:

Transfers from General Fund for Debt Service Deficit	<u>\$ 1,151</u>
Transfer of Marina Capital Assets from Governmental Activities to Business-Type Activities	<u>\$ 100,000</u>

**TOWN OF GIBRALTAR  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Bonds	\$ 7,545,000	\$ -	\$ 375,000	\$ 7,170,000	\$ 390,000
Notes from Direct Borrowings	1,199,238	-	319,133	880,105	326,801
State Trust Fund Loans	-	3,500,000	-	3,500,000	-
Total General Obligation Debt	8,744,238	3,500,000	694,133	11,550,105	716,801
Debt Premium	313,710	-	17,930	295,780	-
Governmental Activities Long-Term Obligations	<u>\$ 9,057,948</u>	<u>\$ 3,500,000</u>	<u>\$ 712,063</u>	<u>\$ 11,845,885</u>	<u>\$ 716,801</u>

The Town's outstanding notes from direct borrowings of \$880,105 contain a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

The Town's outstanding state trust fund loan from direct borrowing of \$3,500,000 contains a provision that in an event of default, the Board of Commissioners of Public Lands may use any remedies available under the law and is required under Wisconsin Statute Section 24.70(6) to intercept any state payments that may be otherwise due by the Borrower.

Total interest paid during the year on long-term debt totaled \$255,197.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
Notes from Direct Borrowings	11/24/14	12/31/24	2.30%	\$ 2,494,100	\$ 784,159
Notes from Direct Borrowings	12/3/14	12/31/24	2.53%	565,000	95,946
General Obligation Refunding Bonds	12/19/19	6/1/38	2.0 - 4.0%	7,915,000	7,170,000
State Trust Fund Loan - Direct Borrowing	12/20/21	3/15/31	3.00%	3,500,000	3,500,000
Total Outstanding General Obligation Debt					<u>\$ 11,550,105</u>

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

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

Annual principal and interest maturities of the outstanding general obligation debt of \$11,550,105 on December 31, 2021 are detailed below:

Year Ended December 31,	Governmental Activities					
	G.O. Refunding Bonds		Notes from Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 390,000	\$ 198,575	\$ 326,801	\$ 17,199	\$ 716,801	\$ 215,774
2023	395,000	182,875	627,352	138,952	1,022,352	321,827
2024	425,000	166,475	606,162	98,445	1,031,162	264,920
2025	365,000	150,675	368,020	84,594	733,020	235,269
2026	385,000	135,675	379,061	73,553	764,061	209,228
2027 - 2031	2,120,000	471,025	2,072,709	190,361	4,192,709	661,386
2032 - 2036	2,375,000	220,047	-	-	2,375,000	220,047
2037 - 2038	715,000	17,041	-	-	715,000	17,041
Total	<u>\$ 7,170,000</u>	<u>\$ 1,542,388</u>	<u>\$ 4,380,105</u>	<u>\$ 603,104</u>	<u>\$ 11,550,105</u>	<u>\$ 2,145,492</u>

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

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2021 was \$33,669,685 as follows:

Equalized Valuation of the Town	\$ 904,395,800
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03	<u>45,219,790</u>
Total Outstanding General Obligation Debt	<u>11,550,105</u>
Legal Margin for New Debt	<u>\$ 33,669,685</u>

General Obligation Debt Limit Policy

The Town debt policy states that the Town's goal is to maintain a level of debt not to exceed 50% of the legal debt limitation per State Statutes. The Town's debt limit per its policy is calculated as follows:

General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	\$ 45,219,790
Town's Debt Limit %	(x) 50%
Town's Debt Limit Amount	<u>\$ 22,609,895</u>

The Town's net outstanding general obligation debt at December 31, 2021 is \$11,550,105. The Town is in compliance with its debt limit policy.

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

**Pension Plan**

**1. Plan Description**

The Wisconsin Retirement System (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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://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 occupations and 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.

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

**F. Pension Plan (Continued)**

**2. Postretirement 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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

**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, 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.

For the year ended December 31, 2021, the WRS recognized \$35,994 in contributions from the Town.

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

**F. Pension Plan (Continued)**

**3. Contributions (Continued)**

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the Town reported an asset of \$174,454 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the Town's proportion was 0.00279434%, which was an increase of 0.00039749% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized pension revenue of \$18,262.

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

**F. Pension Plan (Continued)**

**4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 252,487	\$ 54,385
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	327,524
Changes in Assumptions	3,956	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,204	846
Employer Contributions Subsequent to the Measurement Date	<u>35,994</u>	<u>-</u>
Total	<u>\$ 297,641</u>	<u>\$ 382,755</u>

\$35,994 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ (31,186)
2023	(7,423)
2024	(57,950)
2025	<u>(24,549)</u>
Total	<u>\$ (121,108)</u>



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

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

\* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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DOOR COUNTY, WISCONSIN  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

**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 geometric 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	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Cash	(15)	.9	N/A
Total Core Fund	100	6.6	4.1
Variable Fund Asset Class:			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

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

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 166,056	\$ (174,454)	\$ (424,557)

**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, 2021, the Town reported a payable of \$8,249 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

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

**G. Other Postemployment Benefits**

**1. Plan Description**

The Local Retiree Life Insurance Fund (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 members.

**2. OPEB Plan Fiduciary Net Position**

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

**3. 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.

**4. 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 postretirement 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

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

**G. Other Postemployment Benefits (Continued)**

**4. Contributions (Continued)**

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are listed below:

Life Insurance Member Contribution Rates for the Year Ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

*\*Disabled members under age 70 receive a waiver-of-premium benefit.*

For the year ended December 31, 2021, the LRLIF recognized \$127 in contributions from the employer.

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

At December 31, 2021, the Town reported a liability of \$48,021 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. 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, 2020, the Town's proportion was 0.0087300%, which was an increase of 0.001421% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized OPEB expense of \$8,036.

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

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2021, 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	\$ -	\$ 2,292
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	700	-
Changes in Assumptions	18,681	3,295
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	10,573	-
Employer Contributions Subsequent to the Measurement Date	-	-
Total	\$ 29,954	\$ 5,587

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 31,	Expense
2022	\$ 4,742
2023	4,667
2024	4,589
2025	4,168
2026	4,171
Thereafter	2,030
Total	\$ 24,367

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

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial assumptions.** The total OPEB liability in the January 1, 2020 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, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

**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.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. 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.

**Single discount rate.** A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projected cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**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 2.25%, as well as what the Town's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Town's Proportionate Share of the Net OPEB Liability	\$ 65,323	\$ 48,021	\$ 34,937

**Payable to the OPEB Plan**

At December 31, 2021, the Town reported a payable of \$613 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2021.

**H. Fund Equity**

**1. 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, 2021, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Delinquent Personal Property Taxes Receivable	\$ 3,255

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**H. Fund Equity (Continued)**

**2. 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, 2021, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Parks and Land	\$ 5,455
Cemetery	43,505
Gazebo Funds	2,717
Law Enforcement PPE	1,621
Holiday Lighting	<u>11,106</u>
Total General Fund Restricted	
Fund Balance	64,404
2019 G.O. Notes Fund:	
Restricted for:	
Capital Expenditures	<u>189,705</u>
Total Restricted Fund Balance	<u><u>\$ 254,109</u></u>

**3. Committed Fund Balance**

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2021, General Fund balance was committed as follows:

General Fund:	
Committed for:	
Coastal Byways	\$ 1,407
Airport Capital Improvements	19,560
Debt Repayment	<u>138,988</u>
Total General Fund Committed	
Fund Balance	159,955
Capital Projects Fund:	
Committed for:	
Capital Projects	<u>308,631</u>
Total Committed Fund Balance	<u><u>\$ 468,586</u></u>

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**H. Fund Equity (Continued)**

**4. Assigned Fund Balance**

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, \$171,813 was assigned for subsequent year's budget.

**5. 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:

2022 General Fund Budgeted Operating Expenditures	\$	2,607,306
Minimum Fund Balance %		(x) 16%
Minimum Fund Balance Amount		\$ 417,169

The Town's unassigned general fund balance of \$417,169 meets the minimum fund balance policy.

**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. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 MEASUREMENT PERIODS**

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%
12/31/18	0.00211977%	75,414	339,065	22.24%	96.45%
12/31/19	0.00239685%	(77,285)	381,467	-22.26%	102.96%
12/31/20	0.00279434%	174,454	427,047	40.85%	105.26%

**SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM  
LAST 10 MEASUREMENT PERIODS**

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	25,253	25,253	-	339,065	7.45%
12/31/19	29,052	29,052	-	381,467	7.62%
12/31/20	34,185	34,185	-	427,047	8.62%
12/31/21	35,994	35,994	-	433,068	8.31%

See accompanying Notes to Required Supplementary Information.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 MEASUREMENT PERIODS**

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%
12/31/18	0.00565600%	14,594	301,000	4.85%	48.69%
12/31/19	0.00730900%	31,123	332,000	9.37%	37.58%
12/31/20	0.00873000%	48,021	280,000	17.15%	31.36%

**SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 MEASUREMENT PERIODS**

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	\$ 108	\$ 108	-	\$ 301,000	0.04%
12/31/19	132	132	-	381,468	0.03%
12/31/20	160	160	-	427,047	0.04%
12/31/21	127	127	-	433,068	0.03%

See accompanying Notes to Required Supplementary Information.

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

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

No significant changes in assumptions were noted from the prior 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.

**NOTE 2 LOCAL RETIREE LIFE INSURANCE FUND**

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

The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional details.

The Town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## **SUPPLEMENTARY INFORMATION**



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES  
GENERAL FUND (CONTINUED)  
DECEMBER 31, 2021**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes:</b>				
General Property	\$ 1,588,762	\$ 1,588,762	\$ 1,588,762	\$ -
Managed Forest Land	7,000	7,000	9,807	2,807
Room Tax	176,000	176,000	298,709	122,709
<b>Total Taxes</b>	<b>1,771,762</b>	<b>1,771,762</b>	<b>1,897,278</b>	<b>125,516</b>
<b>Intergovernmental:</b>				
State:				
State Shared Taxes	16,713	16,713	21,578	4,865
Exempt Computer Aid	348	348	328	(20)
Forest Crop Severance/Yield Withdrawal	-	-	443	443
Fire Insurance Tax	22,000	22,000	24,635	2,635
Transportation	174,488	174,488	174,259	(229)
Municipal Service Aid	1,895	1,895	1,934	39
DNR in Lieu of Taxes	3,800	3,800	4,343	543
Police Training	160	160	160	-
Recycling Grant	1,400	1,400	1,057	(343)
Other Grants	31,800	31,800	6,106	(25,694)
<b>Total Intergovernmental</b>	<b>252,604</b>	<b>252,604</b>	<b>234,843</b>	<b>(17,761)</b>
<b>Licenses and Permits:</b>				
Licenses:				
Liquor and Malt Beverage	9,600	9,600	10,971	1,371
Cable TV Franchise Fee	9,000	9,000	9,934	934
Other Licenses and Permits	1,224	1,224	4,460	3,236
Inspection Fees	25,000	25,000	53,529	28,529
<b>Total Licenses and Permits</b>	<b>44,824</b>	<b>44,824</b>	<b>78,894</b>	<b>34,070</b>
<b>Fines and Forfeits:</b>				
Court Fines and Penalties	-	-	2,083	2,083
<b>Public Charges for Services:</b>				
General Government	3,236	3,236	6,375	3,139
Cemetery	4,000	4,000	10,851	6,851
Miscellaneous	100	100	236	136
<b>Total Public Charges for     Services</b>	<b>7,336</b>	<b>7,336</b>	<b>17,462</b>	<b>10,126</b>

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES  
GENERAL FUND (CONTINUED)  
DECEMBER 31, 2021**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Intergovernmental Charges for Services:				
Fire and Ems Services	\$ 500	\$ 500	\$ 207	\$ (293)
Miscellaneous:				
Interest on Investments	7,500	7,500	1,824	(5,676)
Rent of Town Property	40,160	40,160	41,443	1,283
Sale of Town Property	200	200	8,700	8,500
Insurance Claims and Refunds	-	-	3,321	3,321
Donations	500	500	54,002	53,502
Blossomberg Trust Income	30	30	(101)	(131)
Other	-	-	2,142	2,142
Total Miscellaneous	<u>48,390</u>	<u>48,390</u>	<u>111,331</u>	<u>62,941</u>
 Total Revenues	 <u>\$ 2,125,416</u>	 <u>\$ 2,125,416</u>	 <u>\$ 2,342,098</u>	 <u>\$ 216,682</u>

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>General Government:</b>				
Legislative	\$ 44,947	\$ 44,947	\$ 46,455	\$ (1,508)
Legal	51,000	51,000	104,052	(53,052)
General Administration	352,976	352,976	263,088	89,888
Elections	5,268	5,268	4,219	1,049
Advertising	5,000	5,000	4,864	136
Accounting	13,100	13,100	13,954	(854)
Assessment of Property	40,750	40,750	15,600	25,150
Community Center	37,800	37,800	35,239	2,561
Property and Liability Insurance	57,000	57,000	62,725	(5,725)
Miscellaneous	44,572	44,572	15,306	29,266
Total General Government	652,413	652,413	565,502	86,911
<b>Public Safety:</b>				
Police Department	138,635	138,635	113,708	24,927
Fire Department	314,962	314,962	313,460	1,502
First Responders	33,350	33,350	27,017	6,333
Building Inspection	23,600	23,600	45,435	(21,835)
Total Public Safety	510,547	510,547	499,620	10,927
<b>Public Works:</b>				
Salaries and Benefits	214,828	214,828	191,606	23,222
Road Maintenance - Contracted	141,000	141,000	465,762	(324,762)
Town Shop and Equipment	147,300	147,300	51,054	96,246
Street Lighting	2,000	2,000	-	2,000
Sanitation/Recycling	17,400	17,400	14,432	2,968
Total Public Works	526,328	526,328	724,877	(198,549)
<b>Health and Human Services:</b>				
Cemetery	2,000	2,000	2,584	(584)
Watershed Study	500	500	499	1
Animal Control	2,340	2,340	1,358	982
Total Health and Human Services	4,840	4,840	4,441	399
<b>Culture and Recreation:</b>				
Library	850	850	-	850
Park and Pavilion	37,750	37,750	38,916	(1,166)
Museum	41,000	41,000	12,488	28,512
Town Hall	37,200	37,200	24,660	12,540
Chambers Island	2,950	2,950	2,747	203
Bath House	13,700	13,700	11,198	2,502
Total Culture and Recreation	133,450	133,450	90,009	43,441

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Conservation and Development:				
Planning Commission	\$ 68,263	\$ 68,263	\$ 36,490	\$ 31,773
Fish Creek Civic Association	59,840	59,840	88,781	(28,941)
Door County Coastal Byway	300	300	300	-
Total Conservation and Development	<u>128,403</u>	<u>128,403</u>	<u>125,571</u>	<u>2,832</u>
Capital Outlay:				
Public Safety:				
Fire Equipment	-	-	65,810	(65,810)
Public Works:				
Equipment	-	-	115,145	(115,145)
Highway 42	350,000	350,000	-	350,000
Total Capital Outlay	<u>350,000</u>	<u>350,000</u>	<u>180,955</u>	<u>169,045</u>
Total Expenditures	<u>\$ 2,305,981</u>	<u>\$ 2,305,981</u>	<u>\$ 2,190,975</u>	<u>\$ 115,006</u>

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



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

Town Board  
Town of 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, the business-type 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, 2021, 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 1, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Town Board  
Town of Gibraltar  
Door County, Wisconsin

### **Compliance and Other Matters**

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

### **Town of Gibraltar, Wisconsin's Response to Findings**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
March 1, 2022

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021**

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

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**2021-001**

**Control Deficiencies  
Preparation of Annual Financial Report  
Repeat of Finding 2020-001**

**Type of Finding**

Material Weakness in Internal Control over Financial Reporting

**Condition**

Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement 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. However, as independent auditors, CLA cannot be considered part of the Town's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Town had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

**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**

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. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Town's activities and operations. 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.



**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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

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**2021-001 (Continued)**

**Control Deficiencies**

**Preparation of Annual Financial Report**

**Repeat of Finding 2020-001**

**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.

**2021-002**

**Control Deficiencies**

**Adjustments to the Town's Financial Records**

**Repeat of Finding 2020-002**

**Type of Finding**

Material Weakness in Internal Control over Financial Reporting

**Condition**

As part of our audit, we proposed adjusting journal entries that were material to the District's financial statements.

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**TOWN OF GIBRALTAR  
DOOR COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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

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**2021-002 (Continued)**

**Control Deficiencies**

**Adjustments to the Town's Financial Records**

**Management Response**

Management will thoroughly review the year-end adjusting and closing entries and will work with CLA to identify opportunities to reduce number and significance of year-end adjusting and closing entries.

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

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There are no findings related to compliance and other matters that are required to be reported under Government Auditing Standards generally accepted in the United States of America for the year ended December 31, 2021.