

Town of Jacksonport  
Door County, Wisconsin  
ANNUAL FINANCIAL REPORT

December 31, 2019



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WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

# Town of Jacksonport

## Door County, Wisconsin

DECEMBER 31, 2019

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## Independent auditors' report

To the Town Board  
Town of Jacksonport  
Door County, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Jacksonport, Door County, Wisconsin (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

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

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

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

## OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Town as of December 31, 2019, and the respective changes in modified cash basis financial position and the budgeted and actual schedules for the General Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## EMPHASIS OF MATTER

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

## BASIS OF ACCOUNTING

We draw attention to Note 1. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## OTHER MATTERS

### Other Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020 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 Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin

March 10, 2020

## BASIC FINANCIAL STATEMENTS

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# Town of Jacksonport

## Door County, Wisconsin

### STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2019

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 521,359
Restricted cash and investments	<u>88,359</u>
Total assets	<u>609,718</u>
<b>LIABILITIES</b>	
Accrued and other current liabilities	868
Property taxes collected for subsequent year	<u>87,527</u>
Total liabilities	<u>88,395</u>
<b>NET POSITION</b>	
Restricted	88,359
Unrestricted	<u>432,964</u>
Total net position	<u>\$ 521,323</u>

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

# Town of Jacksonport

## Door County, Wisconsin

### STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenditures	Program Revenues			Net (Expenditures) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
GOVERNMENTAL ACTIVITIES					
General government	\$ 231,194	\$ 4,639	\$ -	\$ -	\$ (226,555)
Public safety	277,704	19,966	23,039	-	(234,699)
Public works	309,780	542	112,912	13,608	(182,718)
Health and human services	3,549	5,500	-	-	1,951
Culture and recreation	306,026	29,074	30,200	-	(246,752)
Conservation and development	6,480	-	-	-	(6,480)
Principal and interest on long-term debt	43,342	-	-	-	(43,342)
Total governmental activities	<u>\$ 1,178,075</u>	<u>\$ 59,721</u>	<u>\$ 166,151</u>	<u>\$ 13,608</u>	<u>(938,595)</u>
General revenues					
Taxes					
Property taxes					454,839
Other taxes					37,707
State grants and other contributions not restricted to specific functions					10,805
Interest and investment earnings					5,826
Miscellaneous					4,568
Total general revenues					<u>513,745</u>
Change in net position					(424,850)
Net position - January 1					<u>946,173</u>
Net position - December 31					<u>\$ 521,323</u>

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

# Town of Jacksonport

## Door County, Wisconsin

### BALANCE SHEET - GENERAL FUND - MODIFIED CASH BASIS DECEMBER 31, 2019

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#### ASSETS

Cash and investments	\$ 521,359
Restricted cash and investments	<u>88,359</u>
Total assets	<u>\$ 609,718</u>

#### LIABILITIES AND FUND BALANCE

Liabilities	
Accrued and other current liabilities	\$ 868
Property taxes collected for subsequent year	<u>87,527</u>
Total liabilities	<u>88,395</u>
Fund balance	
Restricted	88,359
Committed	50,750
Unassigned	<u>382,214</u>
Total fund balance	<u>521,323</u>
Total liabilities and fund balance	<u>\$ 609,718</u>

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



# Town of Jacksonport

## Door County, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

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#### REVENUES

Taxes	\$ 492,546
Intergovernmental	144,364
Licenses and permits	23,495
Public charges for services	35,776
Miscellaneous	<u>57,044</u>
Total revenues	<u>753,225</u>

#### EXPENDITURES

Current	
General government	115,788
Public safety	81,966
Public works	309,780
Health and human services	3,549
Culture and recreation	61,558
Conservation and development	6,480
Debt service	
Principal	42,481
Interest and fiscal charges	861
Capital outlay	<u>555,612</u>
Total expenditures	<u>1,178,075</u>

Net change in fund balance	(424,850)
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Fund balance - January 1	<u>946,173</u>
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Fund balance - December 31	<u><u>\$ 521,323</u></u>
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*The notes to the basic financial statements are an integral part of this statement.*

# Town of Jacksonport

## Door County, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 485,794	\$ 485,794	\$ 492,546	\$ 6,752
Intergovernmental	142,947	142,947	144,364	1,417
Licenses and permits	5,250	5,250	23,495	18,245
Public charges for services	25,700	25,700	35,776	10,076
Miscellaneous	2,700	2,700	57,044	54,344
Total revenues	662,391	662,391	753,225	90,834
<b>EXPENDITURES</b>				
Current				
General government	120,770	120,770	115,788	4,982
Public safety	53,393	53,393	81,966	(28,573)
Public works	270,924	270,924	309,780	(38,856)
Health and human services	4,300	4,300	3,549	751
Culture and recreation	36,700	36,700	61,558	(24,858)
Conservation and development	6,500	6,500	6,480	20
Debt service				
Principal	22,008	22,008	42,481	(20,473)
Interest and fiscal charges	88,046	88,046	861	87,185
Capital outlay	59,750	59,750	555,612	(495,862)
Total expenditures	662,391	662,391	1,178,075	(515,684)
<b>Net change in fund balance</b>	-	-	(424,850)	(424,850)
<b>Fund balance - January 1</b>	946,173	946,173	946,173	-
<b>Fund balance - December 31</b>	\$ 946,173	\$ 946,173	\$ 521,323	\$ (424,850)

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

Town of Jacksonport  
Door County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$          657,510</u>
<b>LIABILITIES</b>	
Due to other governments	<u>                  657,510</u>
<b>NET POSITION</b>	
Fiduciary net position - held for others	<u><u>\$                  -</u></u>

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

# Town of Jacksonport

## Door County, Wisconsin

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Taxes and special charges collected	<u>\$ 1,713,083</u>
<b>DEDUCTIONS</b>	
Payments to other taxing districts	<u>1,713,083</u>
<b>Change in net position</b>	-
<b>Net Position - January 1</b>	<u>-</u>
<b>Net Position - December 31</b>	<u><u>\$ -</u></u>

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Jacksonport, Door County, Wisconsin (the "Town"), have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

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 three member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

##### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has no business-type activities.

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

The Town has one governmental fund and no proprietary funds.

The Town reports the following major governmental fund:

##### General Fund

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

The Town also reports the following fiduciary fund:

##### Custodial Fund

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

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, fiduciary fund and governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. The modified cash basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, the Town recognizes revenues when received. As a result, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) *are not recorded* in the Town's basic financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when received if all eligibility requirements imposed by the provider have been met. Property taxes and grants received in advance of being earned or meeting eligibility requirements are reported as liabilities. Debt proceeds are recognized as other financing sources and general revenue when received. Additionally, capital assets such as property, equipment, and infrastructure are not capitalized or reported in the government-wide financial statements.

Under the modified cash basis of accounting, the Town generally records expenditures when paid, except for certain payroll withholdings. As a result, certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in the Town's basic financial statements. Additionally, long-term liabilities such as debt payable and compensated absences are not reported. Additional information on outstanding long-term debt is shown in Note 3.C.

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

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

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

##### 1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

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

In addition to its levy, the Town also levies and collects taxes for Door County, the School District of Sevastopol and Northeast Wisconsin Technical College. Property taxes and special charges collected on behalf of other taxing entities as of December 31, 2019 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

##### 3. Long-term Obligations

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Because the Town uses the modified cash basis of accounting, principal payments are reported as expenditures in the statement of activities and no liability is reported on the statement of net position.

##### 4. Fund Equity

###### *Governmental Fund Financial Statements*

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

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

#### *Government-Wide Financial Statements*

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

- ▶ **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.

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

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.



# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### B. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, Towns, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2019 budget was 0.86%. The actual limit for the Town for the 2020 budget was 1.15%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts displayed on the financial statements as "Cash and investments".

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

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

The carrying amount of the Town's cash and investments totaled \$1,267,228 on December 31, 2019 and consisted entirely of deposits with financial institutions.

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position

Cash and investments	\$ 521,359
Restricted cash and investments	88,359

Fiduciary Fund Statement of Net Position

Agency fund	657,510
	<u>\$ 1,267,228</u>

#### Fair Value Measurements

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

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

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 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, 2019, \$529,320 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

#### B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$88,359 and consisted of cash and investments held for the following purposes:

General Fund	Amount	Purpose
Fire department	\$ 88,359	To account for fire department fundraisers and donations to be used for fire department expenditures

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### C. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Direct Borrowings					
Notes	\$ 42,481	\$ -	\$ 42,481	\$ -	\$ -
State trust fund loans	1,360,000	-	-	1,360,000	22,008
Long-term obligations	<u>\$ 1,402,481</u>	<u>\$ -</u>	<u>\$ 42,481</u>	<u>\$ 1,360,000</u>	<u>\$ 22,008</u>

The Town's outstanding state trust fund loans from direct borrowings of \$1,360,000 contain 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 \$861.

#### General Obligation Debt

General obligation direct borrowings currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
State Trust Fund Loan	09/05/18	03/15/38	4.50%	\$ 302,255	\$ 302,255
State Trust Fund Loan	10/16/18	03/15/38	4.50%	1,057,745	1,057,745
Total outstanding general obligation debt					<u>\$ 1,360,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$1,360,000 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities		
	Direct borrowings - general obligation notes		
	Principal	Interest	Total
2020	\$ 22,008	\$ 88,046	\$ 110,054
2021	49,845	60,210	110,055
2022	52,088	57,966	110,054
2023	54,432	55,623	110,055
2024	56,736	53,319	110,055
2025-2029	325,026	225,246	550,272
2030-2034	405,076	145,198	550,274
2035-2038	394,789	45,428	440,217
	<u>\$ 1,360,000</u>	<u>\$ 731,036</u>	<u>\$ 2,091,036</u>

# Town of Jacksonport

## Door County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2019 was \$13,172,795 as follows:

Equalized valuation of the Town	\$ 290,655,900
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	14,532,795
Outstanding general obligation debt applicable to debt limitation	<u>1,360,000</u>
Legal margin for new debt	<u><u>\$ 13,172,795</u></u>

#### D. FUND EQUITY

##### Restricted Fund Balance and Net Position

In the fund financial statements and government-wide financial statements, portions of general fund balance and net position are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance and net position was as follows:

Restricted for	
Fire department	<u><u>\$ 88,359</u></u>

##### Committed Fund Balance

In the fund financial statements, portions of general fund balance are committed by Town Board action. At December 31, 2019, \$50,750 was committed for general capital outlay.

#### 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.

##### 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 and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

## SUPPLEMENTARY INFORMATION

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# Town of Jacksonport

## Door County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED REVENUES COLLECTED - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Taxes</b>				
General property	\$ 454,894	\$ 454,894	\$ 454,848	\$ (46)
Forest crop and managed forest land taxes	2,500	2,500	6,557	4,057
Room tax	26,000	26,000	31,150	5,150
Other taxes	2,400	2,400	-	(2,400)
Total taxes	485,794	485,794	492,555	6,761
<b>Intergovernmental</b>				
State				
State shared taxes	9,698	9,698	10,450	752
Fire insurance dues	6,793	6,793	7,039	246
Tax exempt computer aid	40	40	42	2
Transportation	112,235	112,235	112,235	-
Forest croplands	-	-	313	313
Other highway aid	13,608	13,608	13,608	-
Other local aids				
County recycling rebate	573	573	677	104
Total intergovernmental	142,947	142,947	144,364	1,417
<b>Licenses and permits</b>				
Licenses				
Business and occupational	3,250	3,250	3,520	270
Permits				
Building	2,000	2,000	19,966	17,966
Total licenses and permits	5,250	5,250	23,486	18,236
<b>Public charges for services</b>				
General government	500	500	660	160
Highway	-	-	542	542
Cemetery	-	-	5,500	5,500
Park	200	200	150	(50)
150th anniversary	-	-	4,104	4,104
Launch fees	25,000	25,000	24,820	(180)
Total public charges for services	25,700	25,700	35,776	10,076
<b>Miscellaneous</b>				
Interest on investments	2,000	2,000	5,826	3,826
Hall rental	200	200	450	250
Sale of Town property	-	-	2,686	2,686
Insurance recoveries	-	-	1,732	1,732
Donations	-	-	46,350	46,350
Other	500	500	-	(500)
Total miscellaneous	2,700	2,700	57,044	54,344
<b>Total revenues collected</b>	<b>\$ 662,391</b>	<b>\$ 662,391</b>	<b>\$ 753,225</b>	<b>\$ 90,834</b>

# Town of Jacksonport

## Door County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED EXPENDITURES PAID - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance
	Original	Final	Actual	Final Budget - Positive (Negative)
General government				
Board	\$ 23,730	\$ 23,730	\$ 23,276	\$ 454
Attorney	6,000	6,000	4,395	1,605
Clerk/Treasurer	31,140	31,140	29,056	2,084
Elections	3,000	3,000	2,037	963
Audit	8,500	8,500	7,500	1,000
Assessor	12,200	12,200	12,200	-
Town hall/fire station	13,700	13,700	19,063	(5,363)
Insurance	18,000	18,000	14,003	3,997
Miscellaneous	3,000	3,000	2,675	325
Payroll expenses	1,500	1,500	1,583	(83)
Total general government	120,770	120,770	115,788	4,982
Public safety				
Fire department	53,393	53,393	63,073	(9,680)
Building inspection	-	-	18,893	(18,893)
Total public safety	53,393	53,393	81,966	(28,573)
Public works				
Highway maintenance	29,174	29,174	29,717	(543)
Snow control	65,000	65,000	101,419	(36,419)
Sidewalks	4,000	4,000	3,859	141
Highway construction	159,500	159,500	162,306	(2,806)
Street lighting	6,250	6,250	5,874	376
Garbage	1,000	1,000	798	202
Recycling	6,000	6,000	5,807	193
Total public works	270,924	270,924	309,780	(38,856)
Health and human services				
Animal control	800	800	602	198
Cemetery	3,500	3,500	2,947	553
Total health and human services	4,300	4,300	3,549	751
Culture and recreation				
Parks	18,000	18,000	24,380	(6,380)
Recreation facilities and education	18,700	18,700	19,461	(761)
150th anniversary	-	-	17,717	(17,717)
Total culture and recreation	36,700	36,700	61,558	(24,858)
Conservation and development				
Economic development	4,500	4,500	6,480	(1,980)
Plan commission	2,000	2,000	-	2,000
Total conservation and development	6,500	6,500	6,480	20

# Town of Jacksonport

## Door County, Wisconsin

### GENERAL FUND SCHEDULE OF BUDGETED EXPENDITURES PAID - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Debt service				
Principal	22,008	22,008	42,481	(20,473)
Interest and fiscal charges	88,046	88,046	861	87,185
Total debt service	110,054	110,054	43,342	66,712
Capital outlay				
General government	-	-	15,087	(15,087)
Town hall and fire station	59,750	59,750	295,057	(235,307)
Fire protection	-	-	1,000	(1,000)
Parks	-	-	244,468	(244,468)
Total capital outlay	59,750	59,750	555,612	(495,862)
Total expenditures	\$ 662,391	\$ 662,391	\$ 1,178,075	\$ (515,684)



ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Town Board  
Town of Jacksonport  
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 major fund and the aggregate remaining fund information of the Town of Jacksonport (the "Town") as of and for the year ended December 31, 2019, 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 10, 2020.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

#### COMPLIANCE AND OTHER MATTERS

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

#### TOWN OF JACKSONPORT, WISCONSIN'S RESPONSE TO FINDINGS

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

#### PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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

CliftonLarsonAllen LLP

Green Bay, Wisconsin

March 10, 2020

# Town of Jacksonport

## Door County, Wisconsin

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

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#### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2018-001
Condition:	The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the Town does not have internal controls in place to properly separate financial and recordkeeping duties.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations. In addition, the Town has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Town Board implement procedures to monitor the transactions and the financial records of the Town. We further recommend the Town perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Management Response:	Management started implementing procedures to monitor the transactions and financial records of the Town in 2019. Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

# Town of Jacksonport

## Door County, Wisconsin

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

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FINDING NO.	CONTROL DEFICIENCIES
2019-002	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2018-002
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Town contracts with us to compile the Wisconsin Municipal Report Form CT.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
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 or notes or other required State Financial reports.
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. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and Municipal Financial Report.
Management Response:	The Town Clerk/Treasurer and Town Board will review and approve the annual financial report prior to issuance.

## SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.

