

**TOWN OF DARIEN**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2017**

**TOWN OF DARIEN**  
**TABLE OF CONTENTS**  
**For the Year Ended December 31, 2017**

	<u>Page</u>
Independent Auditor's Report	1 - 2
<u>Basic Financial Statements:</u>	
Statement of Net Positon	3
Governmental Funds Balance Sheet	4
Statement of Activities	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6 - 7
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	8
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Fiduciary Funds	10
Notes to the Financial Statements	11 - 29
<u>Required Supplementary Information:</u>	
Schedule of Proportionate Share of Net Pension Asset - Wisconsin Retirement System	31
Schedule of Contributions - Wisconsin Retirement System	31
<u>Supplementary Information:</u>	
General Fund - Schedule of Revenues - Budget and Actual	33
General Fund - Schedule of Expenditures - Budget and Actual	34 - 36





**Patrick W. Romenesko, S.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**

1001 Host Drive • P.O. Box 508 • Lake Geneva, Wisconsin 53147  
Telephone 262/248-0220 • Facsimile 262/248-8429

**Independent Auditor's Report**

To the Town Board  
Town of Darien  
Walworth County, Wisconsin

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Darien, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Darien's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Darien as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

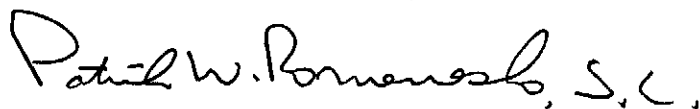
Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 32 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Darien's basic financial statements. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the of the basic financial statements.

This supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PATRICK W. ROMENESKO, S.C.  
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin  
April 30, 2018

**TOWN OF DARIEN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 17,530,980
Taxes receivable	42,895
Accounts receivable	208,564
Promissory note receivable	403,992
Capital assets, net of accumulated depreciation	<u>5,161,414</u>
Total assets	<u>23,347,845</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows related to pension	<u>39,127</u>
Total assets and deferred outflows of resources	<u>23,386,972</u>
<b><u>Liabilities</u></b>	
Accounts payable	13,189
Long-term liabilities:	
Due after one year	<u>4,505</u>
Total liabilities	<u>17,694</u>
<b><u>Deferred Inflows of Resources</u></b>	
Property taxes	42,895
Deferred inflows related to pension	<u>23,884</u>
Total deferred inflows of resources	<u>66,779</u>
Net position:	
Invested in capital assets, net of related debt	5,161,414
Restricted for landfill contingencies	16,853,599
Restricted for pension benefits	10,738
Unrestricted	<u>1,276,748</u>
Total net position	<u>\$ 23,302,499</u>

See accompanying notes to financial statements.

**TOWN OF DARIEN**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2017**

	Special Revenue Funds				Total
	General Fund	Landfill Special Fund	Landfill Fund	Landfill Reserve Fund	
<b>Assets</b>					
Cash and investments	\$ 131,737	\$ 753,246	\$ 9,366,805	\$ 7,279,192	\$17,530,980
Taxes receivable	42,895	-	-	-	42,895
Accounts receivable	962	-	150,686	56,916	208,564
Total assets	<u>175,594</u>	<u>753,246</u>	<u>9,517,491</u>	<u>7,336,108</u>	<u>17,782,439</u>
<b>Liabilities</b>					
Accounts payable and accrued wages	13,189	-	-	-	13,189
Total liabilities	<u>13,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,189</u>
<b>Deferred Inflows of Resources</b>					
Property taxes	42,895	-	-	-	42,895
<b>Fund Balances/Net Position</b>					
Fund balances:					
Nonspendable	-	-	1,000,000	7,336,108	8,336,108
Committed	-	753,246	8,517,491	-	9,270,737
Assigned	4,701	-	-	-	4,701
Unassigned	114,809	-	-	-	114,809
Total fund balances	<u>119,510</u>	<u>753,246</u>	<u>9,517,491</u>	<u>7,336,108</u>	<u>17,726,355</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 175,594</u>	<u>\$ 753,246</u>	<u>\$ 9,517,491</u>	<u>\$ 7,336,108</u>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					5,161,414
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					444,405
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.					(29,675)
Net position of governmental activities					<u>\$23,302,499</u>

See accompanying notes to financial statements.

**TOWN OF DARIEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>Functions/Programs</u></b>					
Governmental activities:					
General government	\$ 215,616	\$ 12,719	\$ -	-	\$ (202,897)
Fire protection	109,952	-	-	-	(109,952)
Rescue squad	38,526	-	-	-	(38,526)
Building inspection	16,575	20,263	-	-	3,688
Public works	314,366	10,003	87,585	-	(216,778)
Health and human services	6,744	-	-	-	(6,744)
Sanitation	-	-	-	836,599	836,599
Recreation and leisure	38,577	-	-	-	(38,577)
Interest on long-term debt	627	-	-	-	(627)
Total	\$ 740,983	\$ 42,985	\$ 87,585	\$ 836,599	\$ 226,186
General revenues:					
Property taxes levied for general purposes					42,271
Franchise taxes					5,630
All other taxes					42,014
Intergovernmental revenues not restricted to specific programs					30,022
Investment earnings					850,668
Total general revenues					970,605
Change in net position					1,196,791
Net position - beginning					22,105,708
Net position - ending					\$ 23,302,499

See accompanying notes to financial statements.





A two-page statement of revenues,  
expenditures and changes in fund  
balances - governmental funds follows.

**TOWN OF DARIEN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds				Total Governmental Funds
	General Fund	Landfill Special Fund	Landfill Fund	Landfill Reserve Fund	
<b><u>Revenues</u></b>					
Taxes	\$ 84,285	\$ -	\$ -	-	\$ 84,285
Intergovernmental	117,607	-	-	-	117,607
Licenses, permits and fees	37,565	250,000	419,264	167,335	874,164
Charges for services and other	11,050	-	-	-	11,050
Investment income and change in fair value	1,030	2,525	370,277	476,836	850,668
Total Revenues	251,537	252,525	789,541	644,171	\$ 1,937,774
<b><u>Expenditures</u></b>					
Current:					
General government	202,740	-	-	-	202,740
Public safety	138,155	-	-	-	138,155
Public works	145,352	-	-	-	145,352
Health and human services	6,744	-	-	-	6,744
Recreation and leisure	34,924	-	-	-	34,924
Capital outlay	1,532,933	-	-	-	1,532,933
Debt service:					
Principal	14,000	-	-	-	14,000
Interest	627	-	-	-	627
Total Expenditures	2,075,475	-	-	-	2,075,475
Excess of Revenues Over (Under) Expenditures	\$ (1,823,938)	\$ 252,525	\$ 789,541	\$ 644,171	\$ (137,701)

See accompanying notes to financial statements.

**TOWN OF DARIEN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds				Total Governmental Funds
	General	Landfill Special Fund	Landfill Fund	Landfill Reserve Fund	
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers in	\$ 1,556,795	\$ -	\$ -	\$ -	\$ 1,556,795
Transfers out	-	(399,329)	(1,157,466)	-	(1,556,795)
Total Other Financing Sources (Uses)	1,556,795	(399,329)	(1,157,466)	-	-
Net Change in Fund Balances	(267,143)	(146,804)	(367,925)	644,171	(137,701)
Fund Balances - beginning of year	386,653	900,050	9,885,416	6,691,937	17,864,056
Fund Balances - end of year	\$ 119,510	\$ 753,246	\$ 9,517,491	\$ 7,336,108	\$ 17,726,355

See accompanying notes to financial statements.



**TOWN OF DARIEN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
<b><u>Revenues</u></b>				Budget
Taxes	\$ 74,421	\$ 74,421	\$ 84,285	\$ 9,864
Intergovernmental	117,269	117,269	117,607	338
Licenses, permits and fees	15,000	15,000	37,565	22,565
Charges for services and other	-	-	11,050	11,050
Investment income	-	-	1,030	1,030
Total Revenues	206,690	206,690	251,537	44,847
<b><u>Expenditures</u></b>				
Current:				
General government	209,399	214,688	202,740	11,948
Public safety	129,080	129,080	138,155	(9,075)
Public works	170,889	170,889	145,352	25,537
Health and human services	12,000	12,000	6,744	5,256
Recreation and leisure	55,900	55,900	34,924	20,976
Capital outlay	568,209	568,209	1,532,933	(964,724)
Total Expenditures	1,145,477	1,150,766	2,060,848	(910,082)
Excess of Revenues Over (Under) Expenditures	(938,787)	(944,076)	(1,809,311)	(865,235)
<b><u>Other Financing Sources</u></b>				
Transfers in	938,787	938,787	1,556,795	618,008
Total Other Financing Sources	938,787	938,787	1,556,795	618,008
Net Change in Fund Balances	-	(5,289)	(252,516)	(247,227)
Fund Balances - Beginning of Year	386,653	386,653	386,653	-
Fund Balances - End of Year	\$ 386,653	\$ 381,364	\$ 134,137	\$ (247,227)

See accompanying notes to financial statements.

**TOWN OF DARIEN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total governmental funds	\$ (137,701)
--	--------------

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 in the statement of activities.

Certain capital outlay that is reported as an expenditure in the general fund governmental financial statements but capitalized in the statement of activities.	1,128,941
---	-----------

Depreciation that is reported in the statement of activities.	(208,369)
---	-----------

Long-term receivables not available are reported as revenue in the fund financial statements when collected or currently available, but are recognized as revenue or asset contributions when earned in the government-wide financial statements.

Notes receivable transactions	403,992
-------------------------------	---------

Changes in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the plan

	(4,072)
--	---------

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt uses the current financial resources of the general fund. Neither transaction, however, has any effect on net assets.

Principal payments on long-term debt	<u>14,000</u>
--------------------------------------	---------------

Change in net position of governmental activities	<u><u>\$ 1,196,791</u></u>
---	----------------------------

See accompanying notes to financial statements.

**TOWN OF DARIEN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2017**

	<u>Agency Fund</u>
	Tax
	Collection
	<u>Fund</u>
<b><u>Assets</u></b>	
Cash and investments	\$ 796,265
Taxes receivable	<u>2,003,495</u>
Total Assets	<u>2,799,760</u>
<b><u>Liabilities</u></b>	
Due to other governments	<u>2,799,760</u>
<b>Net Position</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.



**TOWN OF DARIEN**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

<u>Note Number</u>	<u>Page</u>
1. Summary Of Significant Accounting Policies	
A. Reporting Entity	12
B. Government-Wide and Fund Financial Statements	12
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	13 - 14
D. Assets, Liabilities, and Net Position or Equity	
1. Cash and Investments	14
2. Receivables	15
3. Inventories	15
4. Capital Assets	15 - 16
5. Compensated Absences	16
6. Deferred Outflows/Inflows of Resources	16
7. Long-Term Obligations	16
8. Pensions	17
7. Fund Equity	17
2. Reconciliation of Government-Wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	17 - 18
3. Stewardship, Compliance, and Accountability	
A. Budgetary Information	18
B. Fund Balance Classification of the General Fund	18
4. Detailed Notes on All Funds	
A. Cash and Investments	19 - 20
B. Receivables	21
C. Capital Assets	21 - 22
D. Long-Term Obligations	22
E. Interfund Transfers, Receivables and Payables	22
5. Other Information	
A. Risk Management	23
B. Wisconsin Retirement System Pension Plan	23 - 28
C. Litigation and Contingencies	28
D. Investment in Joint Ventures	28
E. Mallard Ridge Landfill Agreement	28 - 29
F. Property Tax Levy Limit	29
G. Subsequent Events	29

**TOWN OF DARIEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**Note 1 - Summary Of Significant Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles of state and local governments except for the omission of management's discussion and analysis.

**A. Reporting Entity**

The reporting entity for the town is based upon criteria set forth by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus" The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is a separately elected governing body that is legally separate and fiscally independent. All other functions of the town for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the town and the governmental entity; control by the town over the entity's governing authority or designation of management; the ability of the town to significantly influence operations of the entity; and whether the town is responsible for the accountability for fiscal matters. Also evaluated were the scope of public service and any special financing relationships. The accompanying financial statements include no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The town reports no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## Note 1 - Summary Of Significant Accounting Policies - Continued

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. 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 revenue 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 government 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.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Funds are organized as either major funds or non-major funds within the governmental statements. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund (when applicable) are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds (when applicable) combined.
3. In addition, any other governmental or enterprise fund that the government considers to be particularly important to financial statement users may be reported as a major fund. The town has no enterprise funds.

#### **Major Funds**

The town reports the following major governmental funds:

*General fund* is the town's primary operating fund. It accounts for all financial resources of the town except those required to be accounted for in another fund.

*Special revenue funds* - accounts for the transactions related to the Mallard Ridge Landfill located in the town. The special revenue funds consist of the Mallard Ridge Landfill special fund, Mallard Ridge Landfill fund and Mallard Ridge Landfill reserve fund. The special revenue funds are discussed further in Note 5E.

## **Note 1 - Summary Of Significant Accounting Policies - Continued**

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

Additionally, the town reports the following fund type:

*Agency Fund* - Trust and agency funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. For the town, the agency fund is the tax roll fund.

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

### **D. Assets, Liabilities, and Net Position or Equity**

#### ***1. Cash and Investments***

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions, with original maturities of one year or less from the date of acquisition, 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 transactions between market participants at the measurement date.

Deposit of town funds are restricted by state statutes. Permitted investments for the town include any of the following:

(1) Time deposits maturing within three years in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to do business in Wisconsin. (2) Bonds or securities issued or guaranteed by the federal government and its agencies. (3) The Wisconsin Local Government Investment Pool and Wisconsin Investment Trust. (4) Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, city, town, or school district of the state and the University of Wisconsin Hospitals and Clinics Authority. (5) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating. (6) Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities. (7) Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds and securities.

## **D. Assets, Liabilities, and Net Position or Equity - Continued**

### **2. Receivables and Payables**

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts.

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred inflows of resources in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. In addition to property taxes for the town, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred inflows of resources and due to other governments on the statement of net position. Property tax payments received prior to year end are reflected in the agency fund. Interest on delinquent property taxes is recognized as revenue when received.

Details of the town's property tax calendar for the 2017 tax levy follows:

Lien and levy dates	December 2017
Real estate collection due dates:	
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property tax due in full	January 31, 2018
Final settlement with county	August 2018
Tax sale of 2017 delinquent real estate taxes	October 2020

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Advances are to be repaid at a later date.

### **3. Inventories**

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

### **4. Capital Assets**

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the town as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

As provided for in Statement No. 34 of the Governmental Accounting Standards Board, the town has elected to report its infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) on the prospective basis. Accordingly, infrastructure assets in place prior to January 2004 are not reported in the financial statements. Infrastructure assets acquired in years subsequent are capitalized as constructed.

## **Note 1 - Summary Of Significant Accounting Policies - Continued**

### ***4. Capital Assets - Continued***

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the town is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Trucks and other equipment	10 - 20
Infrastructure	15 - 30

### ***5. Compensated Absences***

The town's two full-time employees earn 80 hours per year vacation time (included in salary) and 8 days of personal/sick time. Unused vacation and sick time does not roll over from year to year. Therefore, a liability has not been reported in the governmental fund and the statement of net position for unused amounts due.

### ***6. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The town has one item that qualifies for reporting in this category. The item is related to the town's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

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

### ***7. Long-Term Obligations***

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

In the fund financial statements, governmental fund types 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.

## Note 1 - Summary Of Significant Accounting Policies - Continued

### **D. Assets, Liabilities, and Net Position or Equity - Continued**

#### **8. Pensions**

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

#### **9. Fund Equity**

Accounting principles generally accepted require the classification of net position into various components. The components used by the town are defined as follows:

Nonspendable - This component of fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

Committed - This component of fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the town board.

Assigned - This component of fund balance represents amounts that are constrained by the government's intent to be used for specific purposes.

Unassigned - This component of fund balance is the residual classification for the general fund.

## Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

### **A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

The balance sheet and statement of net position includes adjustments to convert the governmental fund balance sheet to the statement of net position. These adjustments are summarized as follows:

The town's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:

Deferred outflows of resources	\$ 39,127
Net pension liability	(4,505)
Deferred inflows of resources	<u>(23,884)</u>
Total restricted for pension benefits	<u>\$ 10,738</u>

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - Continued**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position - Continued**

Capital assets used in governmental funds are not financial resources and, accordingly, are not reported in the general fund balance sheet as they are in the statement of net position.

Total capital assets	\$ 6,521,462
Less: accumulated depreciation	<u>(1,360,048)</u>
Net capital assets	<u>\$ 5,161,414</u>

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period. Therefore, they are not reported as fund liabilities in the general fund. All liabilities, whether current or long-term, are reported in the statement of net position.

Net pension liability	<u>\$ 4,505</u>
-----------------------	-----------------

**Note 3 - Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

The town reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with accounting principles generally accepted. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Expenditures cannot legally exceed their appropriations at the fund level. The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the town board. A budget amendment was authorized during 2017.

**B. Fund Balance Classification of the General Fund**

The fund balances of the general fund are classified as follows at December 31, 2017 for the following:

<u>Assigned for:</u>	
Fairfield Cemetery	\$ 2,177
Recycling	<u>2,524</u>
Total assigned	<u>4,701</u>
Unassigned	<u>114,809</u>
Total Fund Balances	<u>\$ 119,510</u>



## Note 4 - Detailed Notes on All Funds – Continued

### **A. Cash and Investments - Continued**

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 for total demand deposits at each bank and \$250,000 for total time and savings deposits at each bank. All town investments are insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities.

#### Fair Value Measurements

The town categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1      Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2      Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3      Significant unobservable inputs for an asset or liability.

	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Money markets	\$ 634,040	\$ ---	\$ ---	\$ 634,040
Federal National Mortgage Association	---	10,033,376	---	10,033,376
Federal Home Loan Mortgage Association	---	5,008,591	---	5,008,591
Government National Mortgage Association	---	688,608	---	688,608
Total assets at fair value	\$ 634,040	\$ 15,730,575	\$ ---	\$ 16,364,615

The town addresses the following risks related to its cash and investments:

#### Custodial Credit Risk

Custodial credit risk represents the risk that in the event of a financial institution failure, the town's deposits may not be recovered. The town maintains collateral agreements with its financial institutions that pledge securities to collateralize the town's deposits, thereby minimizing its exposure to custodial credit risk.

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The town's investment in asset backed securities and U.S. agency securities are presumed to be secured by the United State federal government.

#### Interest Rate Risk

The town does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. The town's investment in asset backed securities and U.S. agency securities are susceptible to interest rate risk.

## Note 4 - Detailed Notes on All Funds – Continued

### **A. Cash and Investments - Continued**

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 for total demand deposits at each bank and \$250,000 for total time and savings deposits at each bank. All town investments are insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities.

#### Fair Value Measurements

The town categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1      Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2      Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3      Significant unobservable inputs for an asset or liability.

	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Prime Fund Treasury Capital Reserves	\$ 643,955	\$ - - -	\$ - - -	\$ 643,955
Government Agency Securities	- - -	16,002,042	- - -	16,002,042
Total assets at fair value	<u>\$ 643,955</u>	<u>\$ 16,002,042</u>	<u>\$ - - -</u>	<u>\$ 16,645,997</u>

The town addresses the following risks related to its cash and investments:

#### Custodial Credit Risk

Custodial credit risk represents the risk that in the event of a financial institution failure, the town's deposits may not be recovered. The town maintains collateral agreements with its financial institutions that pledge securities to collateralize the town's deposits, thereby minimizing its exposure to custodial credit risk.

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The town's investment in asset backed securities and U.S. agency securities are presumed to be secured by the United State federal government.

#### Interest Rate Risk

The town does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. The town's investment in asset backed securities and U.S. agency securities are susceptible to interest rate risk.

**Note 4 - Detailed Notes on All Funds – Continued****B. Receivables**

A. - Receivables as of December 31, 2017 for the town's general and fiduciary funds are as follows:

	General	Landfill Funds	Tax Roll Fiduciary Fund	Totals
Receivables:				
Taxes - current	\$ 42,895	\$ - - -	\$ 2,003,495	\$ 2,046,390
Accounts receivable	962	207,602	- - -	208,564
Net total receivables	<u>\$ 43,857</u>	<u>\$ 207,602</u>	<u>\$ 2,003,495</u>	<u>\$ 2,254,954</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At December 31, 2017, the *deferred inflows of resources* reported in the governmental fund consisted of property taxes receivable in the amount of \$42,895 and deferred inflows related to pension in the amount of \$23,884.

B. - A note receivable of \$403,992 is reported on the statement of net position. The note is due from the Village of Darien for its portion of the fire ladder truck purchased during 2017 and is payable in annual principal installment of \$20,000 through 2022 and is to be renegotiated for subsequent years. Interest is charged on the note at 1.5%.

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 155,096	\$ - - -	\$ - - -	\$ 155,096
Construction in progress	3,255	- - -	(3,255)	- - -
Total capital assets not being depreciated	<u>158,351</u>	<u>- - -</u>	<u>(3,255)</u>	<u>155,096</u>
Capital assets, being depreciated:				
Buildings and improvements	1,509,540	304,208	- - -	1,813,748
Machinery and equipment	892,728	512,816	- - -	1,405,544
Infrastructure	2,831,902	315,172	- - -	3,147,074
Total capital assets being depreciated	<u>5,234,170</u>	<u>1,132,196</u>	<u>- - -</u>	<u>6,366,366</u>
Less accumulated depreciation for:				
Buildings and improvements	286,129	36,878	- - -	323,007
Machinery and equipment	520,979	68,925	- - -	589,904
Infrastructure	344,571	102,566	- - -	447,137
Total accumulated depreciation	<u>1,151,679</u>	<u>208,369</u>	<u>- - -</u>	<u>1,360,048</u>
Total capital assets, being depreciated, net	<u>4,082,491</u>	<u>923,827</u>	<u>- - -</u>	<u>5,006,318</u>
Governmental activities capital assets, net	<u>\$ 4,240,842</u>	<u>\$ 923,827</u>	<u>\$ (3,255)</u>	<u>\$ 5,161,414</u>

**Note 4 - Detailed Notes on All Funds – Continued**

**C. Capital Assets - Continued**

Depreciation expense was charged to functions/programs of the town as follows:

Governmental activities:

General government	\$ 11,249
Fire department	26,898
Highways and streets	166,569
Culture and recreation	<u>3,563</u>

Total depreciation expense - governmental activities	<u>\$ 208,369</u>
--	-------------------

**D. Long-Term Obligations**

The town issued a term installment note payable to a private trust during 2014 for the acquisition of land for the construction of the joint fire department building. This note was paid in full during 2017. Note payable transactions for 2017 are summarized as follows:

Outstanding - January 1, 2017	\$ 14,000
Proceeds from borrowing	---
Principal payments on note	<u>(14,000)</u>
Outstanding - December 31, 2017	<u>\$ ---</u>

Long-term obligations are reported on the statement of net position as follows:

Net pension liability - due after one year	<u>\$ 6,997</u>
--	-----------------

**E. Interfund Transfers, Receivables and Payables**

Interfund transfers:

	Transfers In:
	General
	<u>Fund</u>
Transfers Out:	
Landfill special fund	\$ 399,329
Landfill fund	<u>1,157,466</u>
	<u>\$1,556,795</u>

Transfers made from the landfill special fund and landfill fund to the general fund were for the financing of general fund operating and capital outlay expenditures.

## **Note 5 - Other Information**

### **A. Risk Management**

The town has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the town. There were no settlements that exceeded insurance coverage in any of the past three years.

### **B. WRS Pension Plan**

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

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

**Vesting.** 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.

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

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

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

The WRS also provides death and disability benefits for employees.

**Note 5 - Other Information - Continued****B. WRS Pension - Continued**

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

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

During the reporting period, the WRS recognized \$5,693 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

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

**Note 5 - Other Information - Continued**

**B. WRS Pension - Continued**

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

At December 31, 2017, the Town of Darien reported a liability of \$4,505 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town of Darien's proportion of the net pension liability (asset) was based on the Town of Darien's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Town of Darien's proportion was 0.00054652%, which was an increase of 0.000116% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town of Darien recognized pension expense of \$4,072.

At December 31, 2017, the Town of Darien reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$1,718	\$(14,167)
Changes in assumptions	\$4,710	\$0
Net differences between projected and actual earnings on pension plan investments	\$26,864	\$(4,441)
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$0	\$(5,276)
Employer contributions subsequent to the measurement date	\$5,835	\$0
<b>Total</b>	<b>\$39,127</b>	<b>\$(23,884)</b>

\$5,835 reported as deferred outflows related to pension resulting from the Town of Darien'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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Note 5 - Other Information - Continued****B. WRS Pension - Continued*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued***

Year ended August 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2017	\$11,607	\$(7,249)
2018	\$11,607	\$(7,249)
2019	\$9,709	\$(6,975)
2020	\$362	\$(2,383)
2021	\$8	\$(29)

**Actuarial assumptions.** The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.



**Note 5 - Other Information - Continued****B. WRS Pension Plan - 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns</b>					
As of December 31, 2016					
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %	
Global Equities	50 %	45 %	8.3 %	5.4 %	
Fixed Income	24.5	37	4.2	1.4	
Inflation Sensitive Assets	15.5	20	4.3	1.5	
Real Estate	8	7	6.5	3.6	
Private Equity/Debt	8	7	9.4	6.5	
Multi-Asset	4	4	6.6	3.7	
Total Core Fund	110	120	7.4	4.5	
Variable Fund Asset Class					
U.S. Equities	70	70	7.6	4.7	
International Equities	30	30	8.5	5.6	
Total Variable Fund	100	100	7.9	5	
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%					
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations					

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Note 5 - Other Information - Continued

### **B. WRS Pension Plan - Continued**

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
Proportionate share of the net pension liability (asset)	\$59,261	\$4,505	(\$37,660)

***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>.

***Payable to the WRS.*** At December 31, 2017 the town reported a payable of \$1,344 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

### **C. Litigation and Contingencies**

In the opinion of management and the town's legal counsel, the town was involved in no claims or lawsuits at year end that would have a material effect on the financial statements in the event of an unfavorable outcome.

### **D. Investment in Joint Ventures**

The town has entered into an agreement with the Village of Darien to jointly govern separate fire department and rescue squad entities. Information is not available to determine the cost of capital assets related to these entities. The town was apportioned 58.28% of the fire and rescue squad's 2017 budget.

### **E. Mallard Ridge Landfill Agreement**

The town entered into an agreement with Republic Services, Inc. (the operator) in connection with the Mallard Ridge Landfill. The agreement requires the operator to make payments, based on tonnage of waste received, to the town and Walworth County. The operator is also obligated to indemnify the town and Walworth County for any liability impairments arising from the landfill use.

The town is paid a fee per ton by the operator that is increased 8% annually. For 2017, the fee was \$3.72 per ton for the southern expansion portion of the landfill. There is no longer any capacity remaining in the northern expansion portion. The payments are received quarterly by the operator and are recorded in the town's special revenue funds as follows.

#### Mallard Ridge Special Fund

The operator is obligated to make an annual payment into this fund from the first year of operation to the final closure of all active areas. The minimum annual fee for 2017 was \$250,000. The town board has adopted a resolution directing the deposit of the annual fee into this special revenue fund and authorizing any expenditure at the board's discretion, except the resolution prohibits direct property tax relief to individual property owners.



**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF DARIEN**  
*Schedules of Required Supplementary Information*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System Last 10 Fiscal Years\*

	2016	2015	2014
Proportion of the net pension liability (asset)	0.00054652%	0.00043058%	0.00032620%
Proportionate share of the net pension liability (asset)	\$ 4,505	\$ 6,997	\$ (8,012)
Covered-employee payroll	\$ 86,254	\$ 79,636	\$ 67,725
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	98.20%	102.74%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**SCHEDULE OF CONTRIBUTIONS**

Wisconsin Retirement System Last 10 Fiscal Years\*

	2016	2015	2014
Contractually required contribution	\$ 5,693	\$ 5,415	\$ 4,741
Contributions in relation to the contractually required contributions	\$ 5,693	\$ 5,415	\$ 4,741
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 86,254	\$ 79,636	\$ 67,725
Contributions as a percentage of covered-employee payroll	6.60%	6.80%	7.00%

**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2017**

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

*Changes of assumptions.* There were no changes in the assumptions.

**SUPPLEMENTARY INFORMATION**

**TOWN OF DARIEN**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b><u>Taxes</u></b>				<u>Budget</u>
General property	\$ 42,421	\$ 42,421	\$ 42,271	\$ (150)
Mobile home	32,000	32,000	41,727	9,727
Managed forest land & forest cropland	-	-	287	287
Total Taxes	<u>74,421</u>	<u>74,421</u>	<u>84,285</u>	<u>9,864</u>
<b><u>Intergovernmental</u></b>				
Shared revenues	28,776	28,776	29,007	231
Transportation	85,063	85,063	85,063	-
Fire insurance dues	-	-	-	-
Recycling grant	2,300	2,300	2,522	222
Exempt computer aid	30	30	37	7
Managed forest land & forest cropland	<u>1,100</u>	<u>1,100</u>	<u>978</u>	<u>(122)</u>
Total Intergovernmental	<u>117,269</u>	<u>117,269</u>	<u>117,607</u>	<u>338</u>
<b><u>Licenses, Permits and Fees</u></b>				
Local licenses	13,000	13,000	10,147	(2,853)
Building permits	-	-	20,263	20,263
Right of way and boring permits	500	500	500	-
Plan review fees	1,500	1,500	1,025	(475)
Cable franchise fees	<u>-</u>	<u>-</u>	<u>5,630</u>	<u>5,630</u>
Total Licenses, Permits and Fees	<u>15,000</u>	<u>15,000</u>	<u>37,565</u>	<u>22,565</u>
<b><u>Charges for Services and Other</u></b>				
Town hall rent	-	-	450	450
Snow plowing fees	-	-	763	763
Highway salt reimbursements	-	-	8,740	8,740
Miscellaneous refunds and other revenue	<u>-</u>	<u>-</u>	<u>1,097</u>	<u>1,097</u>
Total Charges for Services and Other	<u>-</u>	<u>-</u>	<u>11,050</u>	<u>11,050</u>
<b><u>Investment Income</u></b>				
Interest on savings	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>1,030</u>
Total Revenues	<u>\$ 206,690</u>	<u>\$ 206,690</u>	<u>\$ 251,537</u>	<u>\$ 44,847</u>

**TOWN OF DARIEN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
<b><u>General Government</u></b>				
Town board	\$ 31,638	\$ 31,638	\$ 31,560	\$ 78
Town board social security	2,374	2,374	2,414	(40)
Meeting fees, travel and dues	3,250	3,250	2,826	424
Printing and publication	900	900	769	131
Clerk salary	34,262	34,262	34,241	21
Clerk extra help	1,000	1,000	157	843
Clerk social security	2,000	2,000	2,619	(619)
Clerk retirement	2,000	2,000	2,537	(537)
Elections	6,000	6,000	2,931	3,069
Treasurer salary	15,000	15,000	15,000	-
Treasurer social security	1,000	1,000	1,148	(148)
Office supplies and expenses	8,000	13,289	14,979	(1,690)
Mileage	2,500	2,500	2,664	(164)
Property assessor	6,200	6,200	6,200	-
Manufacturing assessment	1,100	1,100	1,063	37
Accounting and audit	10,175	10,175	9,982	193
Legal counsel	40,000	40,000	33,375	6,625
Plan commission	3,000	3,000	2,894	106
Town hall utilities	5,000	5,000	6,068	(1,068)
Town hall maintenance	7,500	7,500	10,348	(2,848)
Town hall supplies	1,500	1,500	1,143	357
Property and liability insurance	20,000	20,000	17,822	2,178
Contingency	5,000	5,000	-	5,000
Total General Government	209,399	214,688	202,740	11,948
<b><u>Public Safety</u></b>				
Fire department	83,054	83,054	83,054	-
EMS/Rescue squad	38,526	38,526	38,526	-
Building inspection	7,500	7,500	16,575	(9,075)
Total Public Safety	\$ 129,080	\$ 129,080	\$ 138,155	\$ (9,075)



**TOWN OF DARIEN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b><u>Public Works</u></b>				<u>Budget</u>
Public works superintendent	\$ 51,500	\$ 51,500	\$ 52,476	\$ (976)
Highway department extra help wages	20,000	20,000	16,062	3,938
Highway department social security	4,339	4,339	5,243	(904)
Highway retirement	3,000	3,000	3,398	(398)
Highway mileage	500	500	-	500
Professional medical testing and licensing	300	300	682	(382)
Garage supplies	3,000	3,000	3,347	(347)
Equipment rental	7,000	7,000	1,365	5,635
Shop tools and equipment	3,000	3,000	1,913	1,087
Road supplies	15,000	15,000	15,127	(127)
Gas & oil	20,000	20,000	7,318	12,682
Mowing	1,000	1,000	-	1,000
Garage utilities	10,000	10,000	7,350	2,650
Garage repairs and maintenance	5,750	5,750	8,255	(2,505)
Equipment repairs and maintenance	15,000	15,000	20,503	(5,503)
Bridge inspection	1,500	1,500	-	1,500
Engineering	5,000	5,000	1,900	3,100
Recycling	5,000	5,000	413	4,587
Total Public Works	<u>170,889</u>	<u>170,889</u>	<u>145,352</u>	<u>25,537</u>
<b><u>Health and Human Services</u></b>				
Cemetery	7,500	7,500	5,000	2,500
Family connections	4,500	4,500	1,744	2,756
Total Health and Human Services	<u>12,000</u>	<u>12,000</u>	<u>6,744</u>	<u>5,256</u>
<b><u>Recreation and Leisure</u></b>				
Darien corn festival	5,000	5,000	5,000	-
Easter egg hunt	-	-	500	(500)
Darien library	15,000	15,000	15,000	-
Recreation commission and programs	10,700	10,700	10,625	75
Parks	25,200	25,200	3,799	21,401
Total Recreation and Leisure	<u>55,900</u>	<u>55,900</u>	<u>\$ 34,924</u>	<u>\$ 20,976</u>

**TOWN OF DARIEN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b><u>Capital Outlay</u></b>				
Town hall	\$ 268,209	\$ 268,209	\$ 300,953	\$ (32,744)
Fire equipment	-	-	916,808	(916,808)
Highway equipment	25,000	25,000	-	25,000
Highway construction	275,000	275,000	230,870	44,130
Parks	-	-	84,302	(84,302)
Total Capital Outlay	<u>568,209</u>	<u>568,209</u>	<u>1,532,933</u>	<u>(964,724)</u>
<b><u>Debt Service</u></b>				
Principal	-	-	14,000	(14,000)
Interest	-	-	627	(627)
Total Debt Service	<u>-</u>	<u>-</u>	<u>14,627</u>	<u>(14,627)</u>
Total Expenditures	<u>\$ 1,145,477</u>	<u>\$ 1,150,766</u>	<u>\$ 2,075,475</u>	<u>\$ (910,082)</u>

