

Town of Lyndon
Financial Audit Report
Year ended December 31, 2020

Town of Lyndon
December 31, 2020

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	3
Statement of Revenues, Expenses and Changes in Fund Balance - Modified Cash Basis	4
Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - Modified Cash Basis	5
Notes to the Financial Statements	6-9
Supplementary Financial Information	
Detailed Schedule of Revenues - Modified Cash Basis	10-11
Detailed Schedule of Expenses - Modified Cash Basis	12-14

CORSON, PETERSON & HAMANN S.C.

CERTIFIED PUBLIC ACCOUNTANTS

PAUL CORSON, C.P.A.
GREG PETERSON, C.P.A.
DAVID HAMANN, C.P.A.

2203 SOUTH MEMORIAL PLACE
SHEBOYGAN, WISCONSIN 53081

TELEPHONE
(920) 457-3641
FAX
(920) 457-8148

INDEPENDENT AUDITOR'S REPORT

To the Town Board
Town of Lyndon, Wisconsin

We have audited the accompanying modified cash basis financial statements of the Town of Lyndon, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's 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 as 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Our audit involves performing procedures to obtain audit 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, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Town of Lyndon, Wisconsin, as of December 31, 2020, and the respective changes in modified cash basis financial position and budgetary comparison for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

The Town of Lyndon, Wisconsin, has not adopted the provisions of GASB 34 and therefore has not included the government-wide financial statements and other information as required by accounting principles generally accepted in the United States of America. The amount by which this departure would affect the financial statements is not reasonably determinable.

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 opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedules of revenues and expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and were 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Corson, Peterson & Hamann S.C.

Sheboygan, Wisconsin

April 12, 2021

Town of Lyndon
Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis
December 31, 2020

Assets

	2020	(Memorandum Only) 2019
Cash and investments		
Cash on hand	\$ 34	\$ 34
Checking accounts	127,420	65,024
Money market accounts	<u>1,816,442</u>	<u>1,991,170</u>
Total cash and investments	<u>\$ 1,943,896</u>	<u>\$ 2,056,228</u>
Delinquent and other receivables		
Personal property taxes	\$ -	\$ 126
Special charges held by County	2,782	6,969
Sanitary District	768	360
Other	<u>-</u>	<u>159</u>
Total delinquent and other receivables	<u>\$ 3,550</u>	<u>\$ 7,614</u>
Total assets	<u>\$ 1,947,446</u>	<u>\$ 2,063,842</u>

Liabilities and Fund Balance

Liabilities		
Advance tax collections	\$ 1,255,184	\$ 1,462,514
Payroll taxes payable	-	(84)
Dog licenses due County	<u>259</u>	<u>588</u>
Total liabilities	<u>\$ 1,255,443</u>	<u>\$ 1,463,018</u>
Fund balance		
Committed	\$ 380,882	\$ 412,867
Unassigned	<u>311,121</u>	<u>187,957</u>
Total fund balance	<u>\$ 692,003</u>	<u>\$ 600,824</u>
Total liabilities and fund balance	<u>\$ 1,947,446</u>	<u>\$ 2,063,842</u>

The accompanying notes are an integral part of these financial statements.

Town of Lyndon
Statement of Revenues, Expenses and Changes in Fund Balance - Modified Cash Basis
Year ended December 31, 2020

	2020	(Memorandum Only) 2019
Revenues		
Taxes	\$ 542,727	\$ 541,774
Intergovernmental revenues	169,899	141,831
Licenses and permits	15,051	13,332
Fines, forfeits and penalties	510	250
Public charges for services	7,715	1,286
Miscellaneous	<u>10,687</u>	<u>27,748</u>
 Total revenues	 <u>\$ 746,589</u>	 <u>\$ 726,221</u>
 Expenses		
Current		
General government	\$ 127,716	\$ 103,464
Public safety	183,171	172,059
Public works	88,782	86,710
Health and human services	3,267	3,206
Culture, recreation and education	770	770
Conservation and development	3,286	1,800
Capital outlay	248,418	452,537
Debt service		
Principal	-	4,204
Interest	<u>-</u>	<u>23</u>
 Total expenses	 <u>\$ 655,410</u>	 <u>\$ 824,773</u>
 Excess revenues over (under) expenses	 \$ 91,179	 \$ (98,552)
 Fund balance, beginning of year	 <u>600,824</u>	 <u>699,376</u>
 Fund balance, end of year	 <u>\$ 692,003</u>	 <u>\$ 600,824</u>

The accompanying notes are an integral part of these financial statements.

Town of Lyndon
Statement of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
Year ended December 31, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 542,727	\$ 541,679	\$ 1,048
Intergovernmental revenues	169,899	159,540	10,359
Licenses and permits	15,051	9,500	5,551
Fines, forfeits and penalties	510	100	410
Public charges for services	7,715	1,110	6,605
Miscellaneous	10,687	10,000	687
Total revenues	<u>\$ 746,589</u>	<u>\$ 721,929</u>	<u>\$ 24,660</u>
Expenses			
Current			
General government	\$ 127,716	\$ 117,252	\$ (10,464)
Public safety	183,171	175,649	(7,522)
Public works	88,782	148,119	59,337
Health and human services	3,267	3,200	(67)
Culture, recreation and education	770	900	130
Conservation and development	3,286	2,850	(436)
Capital outlay	248,418	273,959	25,541
Total expenses	<u>\$ 655,410</u>	<u>\$ 721,929</u>	<u>\$ 66,519</u>
Excess revenues over (under) expenses	\$ 91,179	\$ -	\$ 91,179
Fund balance, beginning of year	<u>600,824</u>	<u>600,824</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 692,003</u></u>	<u><u>\$ 600,824</u></u>	<u><u>\$ 91,179</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Lyndon
Notes to the Financial Statements
December 31, 2020

Note 1. Summary of Significant Accounting Policies

The Town of Lyndon, Wisconsin ("the Town") operates under a Town Board form of government and provides the following services: public safety (law enforcement, fire protection, first responders and building inspections), streets, health and human services, culture, recreation and education, conservation and development, public improvements and general administrative services.

The Town of Lyndon has elected not to implement the provisions of GASB 34 as required by generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

A. Reporting Entity / Component Units

Generally accepted accounting principles require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town. All significant activities and organizations with which the Town exercises oversight responsibility have been considered for inclusion in the financial statements. The Town has no component units and it is not included in any other governmental reporting entity.

B. Basis of Accounting

The accounts of the Town are maintained and the accompanying statements have been prepared on the modified cash basis of accounting. Revenue and expenses are recognized only as cash is received or disbursed, except for the recognition of various tax roll related items and payroll taxes payable. As mentioned above, the Town has elected not to implement the provisions of GASB 34.

C. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

D. Property Taxes

The aggregate amount of property taxes to be levied is determined according to State statute. The Town collects its own property taxes and also taxes for Sheboygan County, Lakeshore Technical College, School District of Oostburg, Plymouth Joint School District, School District of Random Lake, School District of Sheboygan Falls and the Hingham Mill Pond Sanitary District. Property taxes attach an enforceable lien as of January 1. The Town collects the taxes through January 31.

Town of Lyndon
Notes to the Financial Statements
December 31, 2020

Note 1. Summary of Significant Accounting Policies - Continued

D. Property Taxes - Continued

Property tax calendar - 2019 tax roll collect 2020

Levy date	December 2019
Tax bills mailed	December 2019
Real property taxes	
Payment in full or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes	
Payment in full	January 31, 2020

Property taxes uncollected on January 31 are turned over to Sheboygan County for collection. Sheboygan County pays the remainder of the tax levy (excluding special charges) to the Town during August. Special charges are paid to the Town when collected by the County. Delinquent personal property taxes are retained at the local level for collection.

Property taxes received prior to January 1, for the subsequent year, are reported as advance tax collections on the statement of assets, liabilities and fund balance.

E. Budgets

Annual budgets are adopted in accordance with Wisconsin statutes. All annual appropriations lapse at year end, except those intended to accumulate funds for future projects. Reported budget amounts are as originally adopted or as amended by Board resolution. Generally the budget is not significantly modified during the year.

F. Fund Balance Designations

The Town classifies its fund balance as follows:

- (a) Committed fund balance - amounts intended to be used for a specific purpose established by the Town Board through the formal budget process, by placing funds in segregated accounts or other formal action of the Board.
- (b) Unassigned fund balance - amounts that are available for any purpose.

The Town Board has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the approval of the majority of the Town Board, the Town's highest level of decision making authority. Commitments, once made, can only be modified by a majority vote of the Town Board.

The Town strives to maintain an unassigned fund balance that will maintain working capital to meet the cash flow needs of the Town and thus reducing the need for short-term borrowing, serve as a safeguard for unanticipated expenses and show fiscal responsibility.

Town of Lyndon
Notes to the Financial Statements
December 31, 2020

Note 1. Summary of Significant Accounting Policies - Continued

G. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Note 2. Cash and Investments

State statutes permit the Town to invest available cash balances in time deposits of authorized depositories, U.S. treasury obligations, U.S. agency issues, Wisconsin municipal obligations, high grade commercial paper and the local government investment pool, administered by the State Investment Board.

The Town's cash and investments at December 31, 2020 are summarized as follows:

Cash on deposit with financial institutions	\$ 1,943,862
Cash on hand	<u>34</u>
Total cash and investments	<u>\$ 1,943,896</u>

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing).

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$1,166,442 of the Town's bank balance of \$1,951,896 was exposed to custodial credit risk. The entire \$1,166,442 is uninsured and uncollateralized.

For cash and investments shown above, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying amount is due to outstanding checks and / or deposits in transit. At various times during the year, the Town's deposits may have been higher than the December 31, 2020 balance detailed above. This means that the Town's risk and exposure could be higher at these times.

Town of Lyndon
Notes to the Financial Statements
December 31, 2020

Note 3. Committed Fund Balance

The Town Board has established the following accounts to include the Town's current plans for accumulating funds for use in subsequent periods as follows:

<u>Committed To:</u>	<u>Amount</u>
Town hall maintenance	\$ 18,387
Road equipment	331,750
DPW real estate	4,731
Cemetery	16,278
Parks and recreation	<u>9,736</u>
 Total	 <u>\$ 380,882</u>

Note 4. Excess of Actual Expenses Over Budget

The following departments had an excess of actual expenses over budget for the year ended December 31, 2020.

<u>Department</u>	<u>Excess Expense</u>
General government	\$ 10,464
Public safety	7,522
Health and human services	67
Conservation and development	436

Note 5. Risk Management

The Town of Lyndon is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions and workers compensation. All of these risks are covered through the purchase of commercial insurance with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Note 6. Subsequent Events

The Town has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, April 12, 2021. There are no subsequent events that require recognition or disclosure.

Supplementary Financial Information

Town of Lyndon
Detailed Schedule of Revenues - Modified Cash Basis
Year ended December 31, 2020

Taxes			
General property taxes	\$	536,379	
Mobile home fees		2,593	
Managed forest land taxes		3,126	
Use-value penalties		<u>629</u>	\$ 542,727
Intergovernmental revenues			
Shared revenues	\$	25,000	
Fire insurance tax		6,338	
Exempt computer aid		287	
Personal property aid		825	
General transportation aid		80,443	
Natural resources aid		706	
Managed forest land aid		116	
Aid on certain land equivalent to taxes		7,115	
Routes to recovery grant		19,055	
State election aid		1,314	
County sales tax - road improvements		<u>28,700</u>	169,899
Licenses and permits			
Beer and liquor licenses	\$	1,200	
Operator licenses		625	
Campground licenses		300	
Mobile home park licenses		100	
Dog licenses retained		737	
Building permits		5,799	
Raze permits		40	
Zoning permits and fees		6,100	
Sludge permits		<u>150</u>	15,051
Fines, forfeits and penalties			
Court fines and costs	\$	330	
Dog license penalties		<u>180</u>	510
Public charges for services			
Clerk-treasurer fees	\$	1,000	
Publication fees		80	
Special meeting / hearing fees		500	
Road materials and services		4,885	
Cemetery lot sales		800	
Certified survey maps		<u>450</u>	<u>7,715</u>
Forward to page 11			<u>\$ 735,902</u>

Town of Lyndon
Detailed Schedule of Revenues - Modified Cash Basis
Year ended December 31, 2020

Brought forward		\$ 735,902
Miscellaneous		
Interest on investments	\$ 8,616	
Interest on delinquent charges	1,628	
Refund of expenses	40	
Insurance dividends and refunds	218	
Miscellaneous	<u>185</u>	<u>10,687</u>
Total revenues		<u><u>\$ 746,589</u></u>

Town of Lyndon
Detailed Schedule of Expenses - Modified Cash Basis
Year ended December 31, 2020

General government		
Town board		
Salary	\$ 7,745	
Social security	592	
Publishing and printing	96	
Town dues and membership expense	1,486	
Seminars and meetings	100	
Website expense	703	
Supplies and expense	<u>50</u>	\$ 10,772
Legal		
Professional services		7,137
Clerk-treasurer		
Salary	\$ 37,205	
Social security	2,846	
Office supplies	767	
Office equipment expense	2,160	
Postage	55	
Computer expense	80	
Tax collection expense	<u>215</u>	43,328
Elections		
Poll workers	\$ 6,709	
Supplies and expense	<u>3,628</u>	10,337
Assessment of property		
Professional services	\$ 4,433	
Revaluation fees	16,161	
Manufacturing property assessment fee	<u>162</u>	20,756
Accounting and auditing		
Professional services		7,950
Town hall		
Salary	\$ 3,340	
Social security	256	
Utilities	1,920	
Telephone and internet	1,638	
Supplies and expense	<u>7,592</u>	14,746
Tax refunds and uncollectible taxes		
Losses		<u>1,081</u>
Forward to page 13		<u>\$ 116,107</u>

Town of Lyndon
Detailed Schedule of Expenses - Modified Cash Basis
Year ended December 31, 2020

General government			
Brought forward			\$ 116,107
Insurance			
Property and liability insurance	\$ 9,201		
Workers compensation insurance	2,408	<u>11,609</u>	
Total general government			<u>\$ 127,716</u>
Public safety			
Law enforcement			
Police protection - Village of Cascade			\$ 5,332
Fire protection			
Cascade fire department	\$ 76,485		
Waldo fire department	76,485		
Fire dues	6,338		
Emergency services COVID expenses	6,829	<u>166,137</u>	
First responders			
Cascade first responders	\$ 5,050		
Adell first responders	1,500	<u>6,550</u>	
Building inspections and permits			
Salary	\$ 4,279		
Social security	327		
Supplies and expense	546	<u>5,152</u>	
Total public safety			<u>\$ 183,171</u>
Public works			
Transportation			
Salary			\$ 29,605
Social security			2,265
Road maintenance			21,219
Sand and salt			10,358
Private work / culverts			4,557
Equipment maintenance			11,848
Fuel and oil			3,791
Shed maintenance			1,428
Utilities			2,362
Cell phone			899
Other supplies and expense			<u>450</u>
Total public works			<u>\$ 88,782</u>

Town of Lyndon
Detailed Schedule of Expenses - Modified Cash Basis
Year ended December 31, 2020

Health and human services		
Animal control		
Salary	\$ 250	
Social security	<u>19</u>	\$ 269
Senior citizen programs		
Adell senior center donation		150
Cemetery		
Salary	\$ 2,608	
Social security	200	
Supplies and expense	<u>40</u>	<u>2,848</u>
Total health and human services		<u>\$ 3,267</u>
Culture, recreation and education		
Recreational programs and events		
Cascade Athletic Association donation		\$ 250
Recreational facilities		
Lake Ellen Association donation	\$ 250	
Buoy expense	<u>270</u>	<u>520</u>
Total culture, recreation and education		<u>\$ 770</u>
Conservation and development		
Planning commission		
Salary		\$ 1,420
Social security		109
Supplies and expense		<u>1,757</u>
Total conservation and development		<u>\$ 3,286</u>
Capital outlay		
General government		
Town hall improvements	\$ 16,981	
Town hall / office equipment	<u>8,055</u>	\$ 25,036
Public works		
Road equipment	\$ 29,250	
Road improvements	<u>194,132</u>	<u>223,382</u>
Total capital outlay		<u>\$ 248,418</u>
Total expenses		<u>\$ 655,410</u>