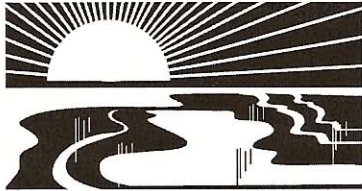


TOWN OF LINN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014

TOWN OF LINN
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For the Year Ended December 31, 2014

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

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Telephone 262/248-0220 • Facsimile 262/248-8429

Independent Auditor's Report

To the Town Board
Town of Linn
Walworth County, Wisconsin

I have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Town of Linn, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Linn'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 Linn as of December 31, 2014, 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

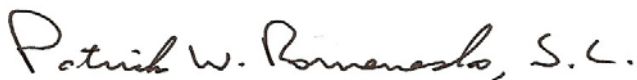
Required Supplementary Information

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 Linn'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 6, 2015

TOWN OF LINN
BALANCE SHEET AND STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<u>Assets</u>			
Cash and investments	\$ 3,695,578	\$ -	\$ 3,695,578
Taxes receivable	2,502,566	-	2,502,566
Accounts receivable	21,000	-	21,000
Special assessments receivable	43,283	-	43,283
Prepayments	37,250	-	37,250
Capital assets, net of accumulated depreciation	-	6,744,925	6,744,925
Total assets	<u>6,299,677</u>	<u>6,744,925</u>	<u>13,044,602</u>
<u>Liabilities</u>			
Accounts payable	77,171	-	77,171
Accrued wages payable	34,016	-	34,016
Long-term liabilities:			
Due after one year	-	31,041	31,041
Total liabilities	<u>111,187</u>	<u>31,041</u>	<u>142,228</u>
<u>Deferred Inflows of Resources</u>			
Property taxes	2,502,566	-	2,502,566
Special assessments	48,169	(48,169)	-
Total deferred inflows of resources	<u>2,550,735</u>	<u>(48,169)</u>	<u>2,502,566</u>
<u>Fund Balances/Net Position</u>			
Fund balances:			
Nonspendable	37,250	(37,250)	-
Committed	272,384		
Assigned	2,049,794	(2,049,794)	-
Unassigned	1,278,327	(1,278,327)	-
Total fund balances	<u>3,637,755</u>	<u>(3,365,371)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,299,677</u>		
Net position:			
Invested in capital assets		6,744,925	6,744,925
Unrestricted		3,654,883	3,654,883
Total net position		<u>\$ 10,399,808</u>	<u>\$ 10,399,808</u>

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
General government	\$ 358,924	\$ 20,969	\$ 4,734	\$ -	\$ (333,221)
Police	764,882	40,412	1,120	-	(723,350)
Fire protection	342,996	900	42,202	401,419	101,525
Rescue squad	38,515	5,950	3,902	-	(28,663)
Building inspection	58,677	-	75,764	-	17,087
Other public safety	63,802	33	29,454	-	(34,315)
Transportation	679,078	-	175,440	48,856	(454,782)
Health and sanitation	347,993	343,259	10,653	-	5,919
Leisure, conservation and development	111,507	110,144	-	-	(1,363)
Nondepartmental and general	74,205	-	-	-	(74,205)
Total	<u>\$ 2,840,579</u>	<u>\$ 521,667</u>	<u>\$ 343,269</u>	<u>\$ 450,275</u>	<u>(1,525,368)</u>
General revenues:					
Property taxes levied for general purposes					2,154,639
Intergovernmental revenues not restricted to specific programs					26,093
Franchise taxes					31,250
Gain on sale of town property and insurance recoveries					18,577
Investment income					4,948
Total general revenues and transfers					<u>2,235,507</u>
Change in net position					710,139
Net position - beginning					<u>9,689,669</u>
Net position - ending					<u>\$ 10,399,808</u>

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual Amounts	Variance with Budget
<u>Revenues</u>			
General property taxes	\$ 2,154,120	\$ 2,154,639	\$ 519
Special assessments	-	687	687
Intergovernmental	278,128	283,014	4,886
Licenses and permits	75,600	117,631	42,031
Fines and forfeitures	25,000	39,140	14,140
Charges for services	466,620	482,494	15,874
Investment income	5,000	4,948	(52)
Miscellaneous	10,000	431,801	421,801
Total revenues	<u>3,014,468</u>	<u>3,514,354</u>	<u>499,886</u>
<u>Expenditures</u>			
Current:			
General government	320,555	333,659	(13,104)
Public safety	1,049,109	1,081,822	(32,713)
Public works	344,590	222,033	122,557
Health and sanitation	344,640	347,993	(3,353)
Leisure, conservation and development	124,290	98,577	25,713
Nondepartmental and general	77,600	74,205	3,395
Capital outlay	1,171,294	1,416,226	(244,932)
Total expenditures	<u>3,432,078</u>	<u>3,574,515</u>	<u>(142,437)</u>
Excess of revenues over (under) expenditures	(417,610)	(60,161)	357,449
Fund balances - beginning	<u>3,697,916</u>	<u>3,697,916</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,280,306</u>	<u>\$ 3,637,755</u>	<u>\$ 357,449</u>

See accompanying notes to financial statements.

TOWN OF LINN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net change in fund balances - general fund	\$ (60,161)
--	-------------

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 is capitalized in the statement of activities	1,261,372
---	-----------

Depreciation that is reported in the statement of activities	(522,164)
--	-----------

Net book value of assets retired or traded affects net assets	(11,805)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments	48,169
---------------------	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund.

Changes in compensated absences	<u>(5,272)</u>
---------------------------------	----------------

Change in net position of governmental activities	<u><u>\$ 710,139</u></u>
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See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Agency Funds		
	Tax Collection Fund	Municipal Court	Totals
<u>Assets</u>			
Cash and investments	\$ 5,714,576	\$ 24,587	\$ 5,739,163
Taxes receivable	16,330,768	-	16,330,768
Total Assets	22,045,344	24,587	22,069,931
<u>Liabilities</u>			
Court bonds held	-	24,587	24,587
Due to other governments	22,045,344	-	22,045,344
Net Position	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

TOWN OF LINN
INDEX TO NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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TOWN OF LINN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 the Management's Discussion and Analysis has not been presented. Statement No. 34 calls for the inclusion of this information as required supplementary information.

A. Reporting Entity

The reporting entity for the town is based upon criteria set forth by GASB Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". 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, except for certain transactions of the fire department. 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 do not contain any 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 has 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 are the proprietary fund and 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 (when applicable) fund 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 (when applicable) fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary (when applicable) fund that the government considers to be particularly important to financial statement users may be reported as a major fund.

Major Fund

The town's major fund is its general fund. The general fund is the town's primary operating fund and it accounts for all financial resources of the town except those required to be accounted for in another fund.

Additionally, the town reports the following fund type:

Agency Funds - 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, agency funds consist of the tax roll and municipal court bond funds.

Note 1 - Summary Of Significant Accounting Policies - Continued

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The town has elected not to follow subsequent private-sector guidance.

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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Equity

1. Receivables

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 revenue 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 revenues 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 2014 tax levy follows:

Lien and levy dates	December 2014
Real estate collection due dates:	
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property tax due in full	January 31, 2015
Final settlement with county	August 2015
Tax sale of 2014 delinquent real estate taxes	October 2017

2. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the balance sheet and statement of net position.

Note 1 - Summary Of Significant Accounting Policies - Continued

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

3. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government 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.

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
Land improvements	30
Roads	30
Vehicles	3 - 10
Office equipment	7 - 10
Computer equipment	6

4. Compensated Absences

Town employees earn vacation and sick time in varying amounts. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental (general) fund only if they have matured, for example, as a result of employee resignations and retirements. The town has not reported a liability for compensated absences in the governmental fund.

Employees are paid all of their accumulated vacation leave upon severance and one-half of their sick leave upon severance. At December 31, 2014, accumulated vacation leave of \$7,096 and accumulated sick leave of \$23,945 has been recorded in the statement of net position as long-term liabilities. Payments made for accumulated vacation and sick leave are made at the salary rates in effect at the time of payment.

5. Long-Term Obligations

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities. The town has no outstanding bonds or notes payable. Long-term obligations reported in the statement of net position consists of accumulated vacation and sick pay.

Note 1 - Summary Of Significant Accounting Policies - Continued

6. Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balances for amounts that are not in spendable form or are legally or contractually required to be maintained intact. The committed fund balance includes amounts that can be used only for specific purposes determined by the formal action of the town board. Assigned fund balances represent amounts intended for a specific use that is subject to change.

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:

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	\$14,006,000
Less: accumulated depreciation	<u>(7,261,075)</u>
Net capital assets	<u>\$ 6,744,925</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.

Accrued compensated absences	<u>\$ 31,041</u>
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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 generally accepted accounting principles. 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.

Note 3 - Stewardship, Compliance, and Accountability - Continued

A. Budgetary Information - Continued

The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the town board. The town did not make amendments to its budget during the year. The budget includes certain amounts that are intended to be carried over and spent in future years. The cumulative amounts of those carryover appropriations are included in assigned fund balances. Individual amounts that were included in the 2014 budget but appropriated for the purpose of being carried over to future years and, therefore, not included in the accompanying budget presentation consist of the following:

Police communications	\$ 5,000
Police vehicles	25,000
Fire/EMS capital outlay	98,244
Highway equipment outlay	75,000
Comprehensive land use plan	10,000
Reassessment	<u>10,000</u>
Total	<u>\$ 223,244</u>

B. General Fund Assigned and Nonspendable Fund Balances

The fund balance of the general fund has been assigned at December 31, 2014 for the following:

Building fund	\$ 235,000
Property acquisition	325,000
Road construction	504,910
Property reassessment	130,500
Police vehicle	24,547
Police communications	1,644
Parks	46,362
Fire/EMS - capital outlay	138,323
Highway equipment outlay	308,368
Town hall - capital outlay	15,163
Comprehensive land use plan	60,000
Fire 2%	50,149
Health insurance co-payments	3,766
Utilities carryover	41,245
Website update	15,000
Fire/EMS - building outlay	20,000
Highway drainage	66,400
Fire boat operation and maintenance	<u>63,417</u>
Total	<u>\$ 2,049,794</u>

The fund balance of the general fund was nonspendable at December 31, 2014 for prepaid expenditures of \$37,250 and was committed for the remaining contract value of a new fire truck of \$272,384.

Note 3 - Stewardship, Compliance, and Accountability - Continued

C. Excess of Expenditures Over Appropriations

Actual expenditures of the general fund for the year ended December 31, 2014 of \$3,574,515 exceeded their budget of \$3,432,078 by \$142,437 due primarily to capital outlay expenditures.

Note 4 - Detailed Notes on All Funds

A. Cash and Investments

The town's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments of government 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.

The town's cash and investments at December 31, 2014 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>
Demand checking accounts	\$ 24,587	\$ 24,587
Savings accounts and interest- bearing checking accounts	2,777,428	2,808,628
Local Government Investment Pool	<u>6,632,726</u>	<u>6,632,726</u>
	<u>\$ 9,434,741</u>	<u>\$ 9,465,941</u>

Cash deposits are reported in the financial statements as follows:

Balance sheet and statement of net position	\$ 3,695,578
Statement of net position - fiduciary fund	<u>5,739,163</u>
Total	<u>\$ 9,434,741</u>

Note 4 - Detailed Notes on All Funds - Continued

A. Cash and Investments - Continued

Town deposits are insured by the FDIC for up to \$250,000 for time and savings deposits (including interest-bearing NOW accounts), and an additional \$250,000 of FDIC insurance is available for demand (non-interest bearing checking accounts) for each bank used. All town deposits are also 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.

For all investments shown, the fair value at the balance sheet date is substantially the same as the carrying value. The difference between the amounts reported as bank deposits and the carrying amounts above is due to the effect of outstanding checks and deposits in transit on the town's cash balances. Deposits exceed the amount of FDIC insurance available at certain times during the year due primarily to the collection of property taxes pending settlement with the other taxing districts.

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. At December 31, 2014, \$2,558,628 of the town's bank deposits were above the FDIC insured amount and, therefore, exposed 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 has deposits in the Local Government Investment Pool which is not rated, however, consists of investments in federal government securities.

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. At December 31, 2014 the town's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$6,632,726. The LGIP had a weighted average maturity of 117 days at December 31, 2014.

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements as \$6,632,726 at December 31, 2014 is at cost basis. The fair value of the LGIP investment at December 31, 2014 did not materially differ from its cost basis.

The town does not have a formal investment policy.

Note 4 - Detailed Notes on All Funds - Continued

B. Receivables

Receivables as of year end for the town's general and fiduciary funds, including the applicable allowances for uncollectable accounts when applicable, are as follows:

	General Fund	Tax Roll Fiduciary Fund	Totals
Taxes - current	\$ 2,502,566	\$ 16,330,768	\$ 18,833,334
Accounts	21,000	---	21,000
Special assessments	43,283	---	43,283
 Total receivables	 <u>\$ 2,566,849</u>	 <u>\$ 16,330,768</u>	 <u>\$ 18,897,617</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, 2014, the *deferred inflows of resources* reported in the governmental fund consisted of property taxes receivable in the amount of \$2,502,566 and special assessments of \$48,169.

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 369,255	\$ ---	\$ ---	\$ 369,255
Construction in progress	---	243,612	---	243,612
Total capital assets, not being depreciated	<u>369,255</u>	<u>243,612</u>	<u>---</u>	<u>612,867</u>
Capital assets, being depreciated:				
Buildings	1,678,854	15,375	---	1,694,229
Improvements other than buildings	578,418	10,780	---	589,198
Machinery and equipment	2,975,422	433,113	(87,512)	3,321,023
Infrastructure	7,230,191	558,492	---	7,788,683
Total capital assets being depreciated	<u>12,462,885</u>	<u>1,017,760</u>	<u>(87,512)</u>	<u>13,393,133</u>
Less accumulated depreciation for:				
Buildings	467,597	36,028	---	503,625
Improvements other than buildings	344,225	23,597	---	367,822
Machinery and equipment	1,662,104	216,085	(75,707)	1,802,482
Infrastructure	4,340,692	246,454	---	4,587,146
Total accumulated depreciation	<u>6,814,618</u>	<u>522,164</u>	<u>(75,707)</u>	<u>7,261,075</u>
Total capital assets, being depreciated, net	<u>5,648,267</u>	<u>495,596</u>	<u>(11,805)</u>	<u>6,132,058</u>
Governmental activities capital assets, net	<u>\$ 6,017,522</u>	<u>\$ 739,208</u>	<u>\$ (11,805)</u>	<u>\$ 6,744,925</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	\$	24,442
Police		36,268
Fire		119,645
Rescue		10,564
Other public safety		1,565
Highways and streets, including depreciation of general infrastructure assets		317,529
Parks		<u>12,151</u>

Total depreciation expense - governmental activities \$ 522,164

D. Long-Term Obligations

Long-term obligations of the town was comprised of the following at December 31, 2014:

Compensated absences \$ 31,041

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. Employees' Pensions

All eligible town employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district education 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts) , but expected to return year after year are considered to have met the one-year requirement.

Note 5 - Other Information - Continued

B. Employees' Pensions - Continued

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General Employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

The payroll for town employees covered by the WRS for the year ended December 31, 2014 was \$545,376; the employer's total payroll was \$747,425. The total required contribution for the year ended December 31, 2014 was \$90,031 which consisted of \$51,345, or 9.4% of the covered payroll from the employer and \$38,686 or 7.1% of the covered payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$84,041 and \$78,067, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, Wisconsin 53707-7931.

Note 5 - Other Information - Continued

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. Lease Income

The town rents space on its property to the U. S. Postal Service and to U.S. Cellular Operating Company. Rental income for the year ended December 31, 2015 was \$19,364.

The remaining future rental payments due on the leases are as follows:

<u>Year</u>	<u>Amount</u>
2015	<u>\$ 2,000</u>

The town entered into a lease extension with the U.S. Postal Service that expires in October 2015. The lease provides for annual rental payments of \$2,000. The U.S. Cellular Operating Company lease expired in June 2009, however, lease payments are made on a monthly basis.

E. Property Tax Levy Limit

Wisconsin statutes limit the amount of property taxes that the state's cities, villages, towns and counties may levy. For 2014, the increase in the allowable maximum tax levy is limited to the change in the equalized value resulting from net new construction. The town's levy limit for 2014 (2013 tax levy) was \$2,154,120, a decrease of \$26,545, or 1.22% from the prior year. The actual amount levied by the town was \$2,154,120.

F. Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through April 5, 2015, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.

G. Commitments

The town has an outstanding commitment at December 31, 2014 related to a contract to purchase a new fire truck. The contract amount of the fire truck is \$515,996, of which \$243,612 was expended in 2014 for acquisition of the chassis and \$272,384 will be due in 2015 upon delivery for the completion of the truck.

SUPPLEMENTAL INFORMATION

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual	Variance with Budget
<u>Taxes</u>			
Town taxes	\$ 2,154,120	\$ 2,154,639	\$ 519
<u>Special Assessments</u>			
	-	687	687
<u>Intergovernmental</u>			
State shared revenue	26,846	25,853	(993)
State transportation aid	174,082	174,045	(37)
Boating enforcement aid	27,000	29,454	2,454
Fire insurance dues	34,000	36,352	2,352
Law enforcement aid	1,000	1,120	120
State aids rescue squad	4,000	3,902	(98)
Exempt computer aid	-	166	166
DNR aids	-	74	74
Municipal services aid	1,200	1,395	195
Recycling grant	10,000	10,653	653
Total Intergovernmental	278,128	283,014	4,886
<u>Licenses and Permits</u>			
Business and occupational	5,400	4,734	(666)
Dog licenses	200	33	(167)
Building permits/zoning fees	45,000	75,764	30,764
Fireworks and other permits	5,000	5,850	850
Cable TV franchise fees	20,000	31,250	11,250
Total Licenses and Permits	75,600	117,631	42,031
<u>Fines and Forfeitures</u>			
Fines and restitution	\$ 25,000	\$ 39,140	\$ 14,140

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual	Variance with Budget
<u>Charges for Services</u>			
Recycling and garbage charges	\$ 328,440	\$ 331,765	\$ 3,325
Fuel rebate - garbage and recycling	10,000	10,822	822
Boat launching fees	72,000	73,112	1,112
Boat stall rent	33,000	35,407	2,407
Clerk's and legal fees	500	1,270	770
Weed removal fees	-	672	672
Plan commission fees	1,000	1,625	625
Rescue squad fees and charges	5,000	5,950	950
Police fees	-	1,272	1,272
Fire fees	-	900	900
Engineering fees	2,000	-	(2,000)
Town hall rental	200	335	135
Cell tower rent	12,480	17,364	4,884
Post office rent	2,000	2,000	-
	<u>466,620</u>	<u>482,494</u>	<u>15,874</u>
<u>Investment income</u>			
Interest earned on savings	<u>5,000</u>	<u>4,948</u>	<u>(52)</u>
<u>Miscellaneous Revenues</u>			
Sale of town property	10,000	18,048	8,048
Insurance recoveries	-	12,334	12,334
Fire boat donations	-	401,419	401,419
	<u>10,000</u>	<u>431,801</u>	<u>421,801</u>
Total Revenues	<u>\$ 3,014,468</u>	<u>\$ 3,514,354</u>	<u>\$ 499,886</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual	Variance with Budget
<u>General Government</u>			
Town board salaries	\$ 30,000	\$ 30,060	\$ (60)
Town board benefits	2,300	2,304	(4)
Town board other expense	6,000	8,098	(2,098)
Legal counsel-general	16,000	17,203	(1,203)
Municipal court	15,644	13,565	2,079
Clerk-treasurer salaries	66,521	66,521	-
Clerk-treasurer assistant	18,256	18,569	(313)
Clerk-treasurer/assistant benefits	18,999	21,213	(2,214)
Clerk-treasurer other expense	19,425	19,355	70
Elections	5,835	6,522	(687)
ITC consulting	13,200	5,253	7,947
ITC hardware and software	375	820	(445)
Website update	15,000	-	15,000
Accounting and accounting	11,000	11,334	(334)
Property assessment	32,000	32,449	(449)
Board of review	-	69	(69)
Human resources consulting	5,000	-	5,000
Town complex other expense	45,000	45,158	(158)
Personal property & rescinded taxes	-	35,166	(35,166)
	<u>320,555</u>	<u>333,659</u>	<u>(13,104)</u>
<u>Public Safety</u>			
Police salaries	420,362	431,518	(11,156)
Police benefits	184,317	193,566	(9,249)
Police fuel	30,000	29,533	467
Police legal counsel	10,400	12,166	(1,766)
Police other expense	47,600	43,363	4,237
Fire salaries	50,433	49,951	482
Fire benefits	12,721	11,834	887
Fire other expense	158,537	161,026	(2,489)
Dive team	2,400	2,473	(73)
Rescue squad	32,875	27,951	4,924
Building inspector fees	36,000	58,150	(22,150)
Building inspector other expense	1,000	527	473
Geneva Lake Law Enforcement Agency	48,174	48,174	-
Water safety patrol	10,590	10,590	-
Emergency government - siren maintenance	3,700	1,000	2,700
	<u>\$ 1,049,109</u>	<u>\$ 1,081,822</u>	<u>\$ (32,713)</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual	Variance with Budget
<u>Transportation</u>			
Highway salaries	\$ 141,546	\$ 97,755	\$ 43,791
Highway benefits	44,944	15,024	29,920
Highway fuel	35,000	34,667	333
Highway other expense	36,100	54,707	(18,607)
Drainage	75,000	8,606	66,394
Street lighting	12,000	11,274	726
	<u>344,590</u>	<u>222,033</u>	<u>122,557</u>
<u>Health and Sanitation</u>			
Yard waste	3,000	6,168	(3,168)
Weed control	-	185	(185)
Recycling expenses	86,520	86,520	-
Garbage	255,120	255,120	-
	<u>344,640</u>	<u>347,993</u>	<u>(3,353)</u>
<u>Leisure, Conservation and Development</u>			
Piers salaries	22,000	18,617	3,383
Piers benefits	1,690	1,408	282
Piers other expense	29,000	29,280	(280)
Parks other expense	60,600	38,718	21,882
Other lake expense	9,000	5,500	3,500
Planning committee	-	85	(85)
Engineering	2,000	4,969	(2,969)
	<u>124,290</u>	<u>98,577</u>	<u>25,713</u>
<u>Nondepartmental and General</u>			
Property & liability insurance	52,600	51,551	1,049
Workers compensation insurance	25,000	22,654	2,346
	<u>\$ 77,600</u>	<u>\$ 74,205</u>	<u>\$ 3,395</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original and Final Budget	Actual	Variance with Budget
<u>Capital Outlay</u>			
Town complex outlay	\$ 45,000	\$ 47,809	\$ (2,809)
Police outlay	54,794	44,744	10,050
Fire boat outlay	-	338,042	(338,042)
Fire outlay	555,000	244,152	310,848
Highway equipment	-	15,504	(15,504)
Highway building construction	20,000	16,200	3,800
Parks outlay	-	11,559	(11,559)
Highway bridges	-	162,545	(162,545)
Road construction and maintenance	496,500	535,671	(39,171)
Total Capital Outlay	<u>1,171,294</u>	<u>1,416,226</u>	<u>(244,932)</u>
Total Expenditures	<u>\$ 3,432,078</u>	<u>\$ 3,574,515</u>	<u>\$ (142,437)</u>